

Spaniards vote next Sunday, choosing between Socialists and the Popular party. David White looks at the parties' chances and the way the electoral system works

Aura of power now attached to Aznar

"This is not about who wins, but by how much," Mr José María Aznar said at the launch of the Popular party's campaign manifesto in Spain three weeks ago.

His confidence has been vindicated by pre-election opinion polls. With less than a week to go, it would take an amazing upset to deny the centre-right party its first general election victory.

Mr Aznar himself, 43 yesterday, has become more self-assured, less stiff, as if the aura of power were already attaching itself to him.

The PP never really accepted its defeat at the last election three years ago. A repeat of that reversal, when the ruling Socialists unexpectedly snatched a fourth consecutive victory, looks ever more remote.

The PP is running under a less obscure motto - "With the new majority" - clearly designed to convey the idea of a handwagon ready to be jumped on.

Its campaign has been orderly and tightly controlled. Nobody has been caught making gaffes such as praising General Franco - as a candidate did during last year's municipal elections - and Mr Aznar has resisted being drawn into slanging matches. The party has kept up an image of unity. "In Spanish parties you cannot afford to bring internal debates out into the open," says a senior PP politician.

The Socialists, by contrast, have been in disarray, with factions squabbling over places on lists of candidates. In Vigo, the centre of last year's European-Canadian fishing conflict, they threw chairs at each other.

The Socialists have bolstered their candidates' list by recruiting non-MP members of government such as Mr Pedro Solbes, finance minister, and Mr Juan Alberto Belloch, justice and interior minister. The PP, meanwhile, has broken its own rule that people should not be mayors and MPs at the same time by fielding its popular women mayors in the Andalusian cities of Cádiz and Málaga. It is looking for big gains in Andalucía, which is holding regional elections at the same time.

The Socialists have adopted provocative tactics, outraging the PP with television spots depicting "negative Spain" in sinister black-and-white images including a savage Doberman. In Catalonia, Socialist posters show Mr González's eyes next to Mr Aznar's moustache. "Felipe or Aznar - you decide," they say. "Never has it sunk so low," says Mr Aznar. But in an election overshadowed by Basque violence, the Socialists also accuse the PP of dirty play in attacking the government's anti-terrorist record.

Opinion polls - often unreliable, and prohibited after today - have been consistent in reckoning the PP's share of the vote at around 41-42 per cent. They differ much more in their estimate of the drop in the Socialist party's vote, and the gains for the Communist-led United Left (IU), out to beat the Communist party's late-1970s record of just under 11 per cent.

In local elections last year, the Socialists lost support to both the PP and IU. Socialist planners do not expect to retrieve votes from the PP. Their result will depend on how much of a "useful vote" they can win away from IU and how successful they are in persuading people not to abstain. Abstention, 20-30 per cent in previous general elections, has become more the left's problem than the right's.

Millions of Spaniards are still undecided. PP strategists say 500,000-700,000 will probably make up their minds at the last minute. And, in a country where lotteries have a longer history than elections, there are always those who will vote for whichever party looks like winning.

Weekend polls in four main newspapers showed the PP leading by a margin of 11.8 points, probably enough to govern on its own, although only one put it clearly above the 176 seats needed for an outright majority in Congress.

With such consistent expectations, the PP is fighting against complacency in the closing stages. As Mr Aznar made clear at the outset, the arithmetic of seats will be crucial.

His plans for overhauling Spain's administration depend greatly on being free to govern, without having to strike deals with smaller, regional parties.

Mr Felipe González, the 53-year-old prime minister, in his busiest and toughest campaign since coming to power in 1982, is trying to keep Socialist party hopes alive, saying it is really "a stone's throw" from the PP. But Socialist leaders, demoralised by the impact of corruption and other scandals, are all but resigned to defeat.

They are running a defensive campaign under the slogan "Spain, the positive side" - trying to rally supporters to the defence of Spain's welfare system, while their opponents swear they are not trying to attack it.

The Socialist message relies heavily on the theme of a hidden PP agenda.

"It's not the best campaign of our history," says a long-standing Socialist regional leader. He gives the PP seven marks out of 10 for its campaign, and his own party four.

An old Spanish voting practice ripe for reform

Most of the 350 men and women who will be elected next Sunday to Spain's Congress of Deputies will be unknown even to the people who vote for them. So were most of the outgoing Congress.

The reason is an electoral system conceived to smooth Spain's return to democracy but now regarded by the main political parties as needing reform.

The parties loom large in Spanish public life, but parliament and its proceedings hardly figure at all.

Both the Socialists and the centre-right Popular party are now for the first time proposing changes. The thrust of their proposals is to allow voters to express preferences between individual candidates rather than having to opt, as now, for fixed lists drawn up by the parties.

The faces on electoral posters all over Spain are the No. 1 candidates on party lists. But in almost every case, both the PP and the Socialist candidates on the posters are certain to be elected. The election determines how many others get in behind them.

The constituencies are the 50 provinces of the Spanish mainland and islands, plus the North African enclaves, Ceuta and Melilla. The seats are distributed according to population. But, with a minimum of three per province, the ratio varies. Barcelona's 31 deputies work out at one for every 126,000 electors; rural Soria gets one for 26,500.

Each party or coalition presents a list of candidates, numbered in order of preference. Seats for each constituency are

allocated under the D'Hondt formula, a proportional system named after its Belgian inventor.

It goes like this. The number of votes received by each party is divided successively by one, two, three and so on up to the total number of seats at stake. The resulting figures, placed in order, determine how many from each list are elected.

The effect of this peculiar way of counting is to give the bigger parties more than their relative weight - a deliberate distortion designed to strengthen the party structure and make the country more easily governable.

A party can feasibly get a majority of seats with under 40 per cent of the vote; the Socialists did it in 1989. But if there is a strong second party, a larger share is needed.

The Communist-led United Left wants a more proportional system and an increase in the size of Congress from 350 to 400 members. This contrasts with the proposals of other parties, which focus on "unblocking" the electoral lists.

A wider consensus exists on reforming the Senate. On Sunday voters will elect 208 of the 256 members of the upper house. Each province gets four senators, with more for the islands. In this case, voters get to choose names. The remaining senators are currently nominated by the 17 self-governing regions.

The planned reform - which requires changing the constitution - would make it into a fully regionally based body, consolidating the devolution process that has taken place over the last 15 years.

Spain goes to the polls

The parties



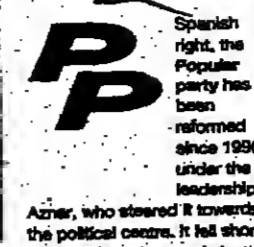
Felipe González, Party leader and prime minister



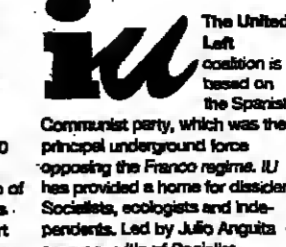
United Left (IU) 18 seats



José María Aznar, Popular party leader



Spanish right, the Popular party has been reformed since 1990 under the leadership of Aznar, who steered it towards the political centre. It fell short of an expected general election victory in 1993 but has since established clear victories in European, regional and municipal contests and now leads the national election opinion polls.

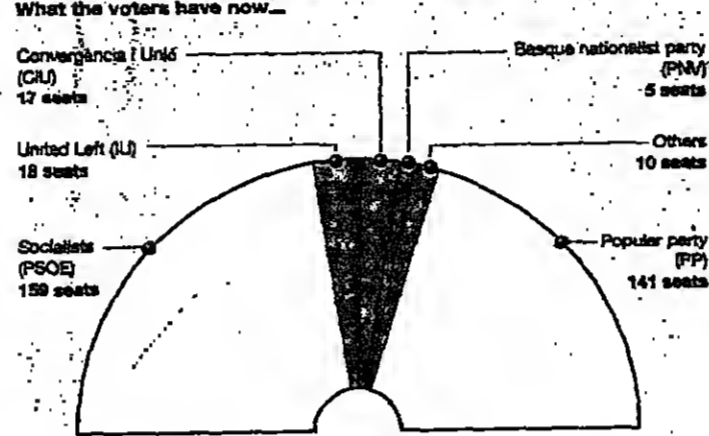


Communist party, which was the principal underground force opposing the Franco regime, IU has provided a home for dissident Socialists, ecologists and Independents. Led by Julio Anguita - a severe critic of Socialist economic policies and called "the socialist" by some opponents - the party attracts a protest vote from the young and from sectors of the trade union movement.



The Basque Nationalist party is a century-old formation founded on the principle of a separate Basque identity. It is the dominant party in the Basque regional government, but, after a schism in the mid-1980s, has had to rely on alliances with other parties, including the Socialists. Its leader is Xabier Arzalluz, an ex-Jesuit who, under the party's peculiar rules, cannot hold public office.

The parliament: Congress of Deputies, 350 seats



The polls

...and how they say they'll vote* (1993 results in brackets)

Party	% of vote	Seats
Popular party (PP)	40.5-44.1% (34.8%)	160-184 (141)
Socialists (PSOE)	28-34% (38.8%)	108-145 (159)
United Left (IU)	11-15% (9.8%)	19-35 (18)
Convergència i Unió (CiU)	4-4.5% (4.9%)	13-17 (17)
Basque Nationalist party (PNV)	0.8-1.5% (1.2%)	4-7 (5)

*Range of opinion results published in the last two weeks by ABC, El País, El Mundo, La Vanguardia, Colpisa, El Periódico/Antena 3

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US and Japan seek to ease island tension

By Christopher Parkes in Los Angeles

President Bill Clinton and Mr Ryutaro Hashimoto, Japan's new prime minister, parted on first-name terms at the weekend, after a bleeding first meeting to set priorities.

Acknowledging, but sidestepping, urgent trade issues, the two leaders spent much of their hour of talks at Santa Monica reviewing the damage done to security relations by the alleged rape last year, on the Japanese island of Okinawa, of a schoolgirl by US servicemen.

They agreed a joint committee should consider the redeployment of the 47,000 US military personnel stationed in Japan, possibly to reduce the heavy concentration of forces, and ease the continuing tension on Okinawa.

Mr Hashimoto appeared to send a signal for easier relations on economic issues, with a promise of deregulation in the housing industry which should improve US exporters' opportunities.

Little attention was paid to more pressing matters, although the Japanese leader gave renewed hints that he was relaxing his hitherto forceful resistance to renewing a 1986 agreement, due to expire on July 31, that Japanese electronics companies buy at least 20 per cent of their semiconductors from foreign makers. Instead, the leaders contented themselves with stinging one another up before formal talks during the US president's planned state visit to Japan on April 16, and providing evidence for their respective electorates that they would be able to advance co-operation between the two countries.

Supported by Mr Clinton, who said bilateral talks were often quicker and more effective than more complex dealings, Mr Hashimoto said he wanted to resolve economic differences without exacerbating the debate. "It is very important to be low-key on these kinds of issues," he said.

For Mr Clinton, meeting his fifth Japanese prime minister since he took office in 1993, the focus on Okinawa seemed likely to bolster his support, in the US presidential election this year, within California's extensive Japanese community.

Strong suggestions from Mr Hashimoto that Japan might at last be ready to align its laws on copyright of sound recordings with those of other industrial nations went down well in the local entertainment business.

Earlier, also while in California, Mr Clinton had raised his stock locally when he told cheering McDonnell Douglas aircraft workers he had asked Congress for funds to allow higher production targets for C-17 transport aircraft.

He also took the opportunity to take a shot at Mr Pat Buchanan, the rising Republican presidential hopeful, whose campaign has been lifted partly by his stance against trade liberalisation and who, on Thursday, had declared himself ready "unilaterally" to end Japan's trade surplus with the US.

Mr Clinton, whose aides stressed the rapid decline in Japan's trade surplus since last year's agreement on car imports, endorsed the middle path between being "uncritically in favour of free trade" and "pulling up the rug and closing our borders."

Alarm over protection with new bite in '97

Nancy Dunne finds liberal trade backers in the US worried about a Buchanan-minded Congress

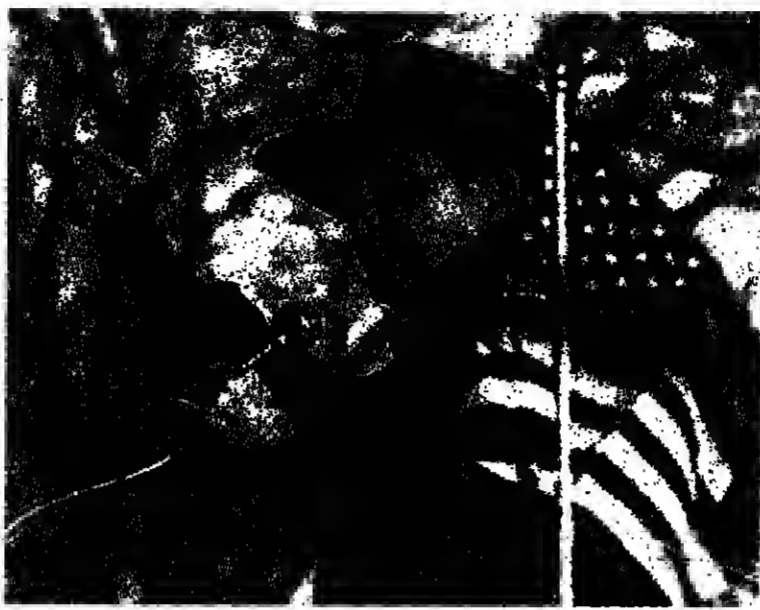
The victory of Mr Pat Buchanan in the US Republican party's New Hampshire presidential primary has sounded an alarm for the Washington "trade mafia", the loose-knit group of economists, policy analysts and corporate lobbyists that has long backed liberalised trade policies.

Mr Buchanan has been running exuberantly on a protectionist platform, promising to withdraw the US from the World Trade Organisation and the North American Free Trade Agreement (Nafta), and to impose huge tariffs on goods entering the US from China and Japan.

The agenda of the free trade lobby has already been frustrated by the Republican-controlled Congress, which has been unable to agree on a bill to give the president negotiating authority for the expansion of Nafta.

This lobby's main concern is about the congressional elections in November, on the same day as the presidential poll. The contest for the White House still seems likely to be between President Bill Clinton and Senator Robert Dole, the Senate majority leader, so Mr Buchanan's current success causes less unease.

Eighty members of the House of Representatives have already signed up to back what would become the Nafta Accountability Act, which would virtually guarantee US withdrawal from Nafta or its renegotiation. This bill is given little chance of passage this year, but a new, aggressively protectionist Congress could approve similar legislation in 1997.



Mover and shaker: Pat Buchanan campaigns in Arizona at the weekend

"There is increasing concern that Buchanan's message will spread around the body politic," said Mr Harry Freeman, a business lobbyist.

"When it comes to the Congressional races, a good portion of Republicans and Democrats could run on the same anti-trade message."

The worry is compounded by the large number of senators and congressmen, both Republicans and

Democrats, who have long supported liberalised trade but are retiring. Their successors may well agree with Ms Lori Wallach of the public interest group Public Citizen, who pointed to this two-decade decline in real incomes in the US and the growing gap between rich and poor. She called for "a new game plan."

The constitution gives Congress jurisdiction over trade matters, but

authority has been flowing towards the president since 1945. A determined Congress could regain its sway.

There is anxiety among Republicans that a Buchanan presidential candidacy would split the Republican party. But the administration's trade policies have already divided Democrats. This dates back to the negotiation of Nafta side pacts on labour and the environment, after Mr Clinton, then a presidential candidate, had promised to "fix" the Nafta negotiated by President George Bush.

Mexico resisted, and Mr Mickey Kantor, US trade representative, was overruled by the White House when he wanted to take a strong stand. The resulting deals were toothless, and erstwhile Clinton supporters were outraged enough to form a coalition to educate voters across the country about the evils of trade deals negotiated by and for big business.

"Kantor was a successful, loyal, political soldier," says Mr Mark Ritchie, president of the Institute for Agriculture and Trade Policy. "He could have protected the president's left flank, but he protected his Wall Street flank instead."

Opponents of Nafta have not been gloating about the success of Mr Buchanan's trade message. Mr Brent Blackwelder, president of the Citizens' Trade Campaign, issued a statement noting that the New Hampshire vote reflected "widespread disenchantment with the promises made by free trade politicians." However, he rejected the Buchanan agenda.

"Mr Buchanan would have us build a fence on our southern border to isolate the US from its Mexican neighbours - a short-sighted and mean-spirited solution," he said.

Foes of Nafta and the WTO are often simplistically dismissed as protectionists, but most of them argue that they would support trade deals written to protect workers and the environment.

They draw a distinction between the globalisation, under way among multinational companies, and globalism as a co-operative effort supported by environmentalists, labour and human rights activists.

Many opponents of Nafta and the WTO believe the business lobby grew arrogant, accustomed to having its way under Republican presidents, and saw no need to compromise with the current Democratic administration.

"It was a serious mistake to let business write trade policy," said Mr Alan Tomelson, a policy analyst with US Business and Industrial Council. "Bill Clinton said he would put people first, but unfortunately he put Wall Street first. It was a complete betrayal of Democratic party principles."

Ms Susan Aaronson - author of *Are There Trade-offs When Americans Trade?* - said the business lobby had erred by engaging in raising high expectations for the trade initiatives. "There will have to be adjustment. But Buchanan's logic is flawed. You can't say trade is a global problem and then posit domestic solutions. You have to find global solutions."

Party disputes threaten Mexico electoral reform

By Daniel Dombey in Mexico City

A series of political rows has erupted in Mexico, threatening to derail a long-awaited programme of electoral reform.

Negotiations to deliver proposals in time for the next session of Congress in March have been damaged by the main opposition party boycotting them, while a row about investigations of a political assassination may poison the atmosphere still further.

The reform is close to the heart of President Ernesto Zedillo, who has argued that his own election was legitimate but not altogether fair.

Previous electoral reforms have left his ruling Institutional Revolutionary Party (PRI) still with far more money and access to news media than its rivals.

But the right-leaning opposition National Action Party (PAN) is boycotting the talks over a disputed result in a local election. A victory initially awarded to its candidate

was overturned because of what the PAN calls no more than the usual minor discrepancies, such as consistency of officials' signatures.

Suspensions run high because the governor of Puebla state, where the election was held, Mr Manuel Bartlett, was the interior minister in charge of the elections in 1988 that brought Mr Carlos Salinas to the presidency amid accusations of fraud.

Relations between the parties took a further dive at the end of last week, when PRI officials attacked the country's attorney-general - Mr Antonio Lozano Garcia, whom Mr Zedillo chose from the PAN, in an early gesture of conciliation - for his management of an investigation of the assassination two years ago of Luis Donaldo Colosio, then the PRI's presidential candidate.

A confessed killer was convicted, but the investigation has maintained the hypothesis that the assassination was the result of a conspiracy.

Cloud over Menem visit to France

By David Pilling in Buenos Aires

New testimony about the murder of two French nuns during Argentina's "dirty war" of the 1970s threatens to overshadow the arrival of President Carlos Menem in Paris today, at the start of a three-day official visit.

Mr Menem hopes to strengthen commercial ties with France, one of the biggest investors in Argentina's radical privatisation programme. He will treat as an unwelcome distraction claims by a former military official that the two nuns were drugged and thrown alive into the sea.

France has long demanded the extradition of a naval captain, Alfredo Astiz, who in 1980 was condemned in absentia by a French court to life imprisonment for his involvement in the nuns' deaths. A lawyer for the victims' families said at the weekend he would ask Argentine courts to reopen the case.

The nuns, Alice Domon and Léonie Duquet, disappeared in December 1977, when Argentina's military government was torturing and killing thousands of civilians. Mr

Adolfo Scilingo, a former naval captain who last year revealed that death flights had been routine, said on Friday the nuns had been among those buried out of aircraft.

Mr Carlos Corach, Argentine interior minister, said: "Nothing [Scilingo] says can in the least damage" the president's visit, in the company of 40 Argentine business executives.

French-Argentine relations have been generally good since Mr Menem assumed the presidency in 1989. French companies have invested nearly \$3bn in Argentina during the 1990s, taking big stakes in telecommunications, water utilities and food processing.

Among the commercial issues to be discussed will be a threat by Tucumán province in Argentina to cancel a water utility concession awarded to *Compañía General de Eaux*.

Mr Domingo Cavallo, Argentine economy minister, will seek to reassure French business that Argentina remains a predictable environment for investment. Argentina hopes that French companies will participate in the planned privatisations this year of airports, nuclear power plants and hydro-electric dams.

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Wisconsin may build separate freight railway

By Charles Batchelor, Transport Correspondent

Wisconsin Central Transportation, the new US owner of British Rail's heavy haul freight operations, may build its own freight railway lines in Britain if Railtrack, the company responsible for the track network, is not willing to devote resources to freight operations.

"We would talk to Railtrack about building our own sections of freight-only track," Mr Ed Burkhardt, Wisconsin president and chief executive, said at the formal handover of BR's Trainload Freight business, which Wisconsin bought for \$225m (\$346.5m).

Mr Burkhardt said he was "not sure" there was sufficient incentive in the privatised railway structure for Railtrack to invest in freight services, which account for 10 per cent of the revenues generated by passenger traffic.

Wisconsin and BR said they did not expect the discovery of alleged "procedural irregularities" which led to the suspension of two senior managers on the eve of the sale, to affect the transfer. BR is carrying out an inquiry into the way spending of up to £500,000 had been classified in the accounts. Wisconsin

plans to invest heavily in new locomotives - it will need up to 300 at a cost of £200m to £250m over the next five years - and is considering cutting the workforce.

Mr Burkhardt hinted at the prospect of tough negotiations between Wisconsin and Railtrack over the level of access fees charged by Railtrack for allowing freight trains on the network. The split of track ownership from train operations was unlikely to be satisfactory in the long term, according to Wisconsin.

"We would expect Railtrack to act commercially, but the split of track ownership from operations means there could be problems when you want to build a siding," said Mr Burkhardt. "We think we will get there, but there could be a few rocks on the way."

Wisconsin expects to pay 30 per cent of its UK revenues to Railtrack in the form of access charges, a higher percentage than it devotes to maintaining its 4,500km rail network in the US, he added.

The US company has no plans to acquire a shareholding in Railtrack, which is due to be floated on the London stock market in May, but it intends to use the run-up to flotation to negotiate lower access charges for freight trains.

By Our Transport Correspondent

Big cuts in staff numbers and a thorough shake up of working practices at British Rail's heavy haul freight operations are promised by the new US owner of the business.

Wisconsin Central Transportation employs 1,800 people in the US, including 500 managing the rail infrastructure which in the UK is the responsibility of Railtrack. Trainload Freight, which runs an operation similar in size in the UK, employs 7,500 people.

Mr Ed Burkhardt, the president and chief executive of Wisconsin, said that big reductions in managers, clerical and manual staff were likely.

Companies shipping goods by rail and those looking to develop rail shipments as an alternative to road are hoping that the Wisconsin team will bring a new focus to an operation which has long been the Cinderella of the rail network.

Wisconsin was set up by Mr Burkhardt in 1987 after deregulation of the US rail network allowed the disposal of rail assets - without the crippling job protection regulations which had held back profits and productivity.

Mr Burkhardt, 57, has spent his working life on the railway. He studied industrial management and transport at Yale before joining the Wabash Railroad in Indiana. He then moved to Chicago & North Western where he spent 20 years.

Based in Rosemont, Illinois, Wisconsin runs 4,500km of freight network in the US and



Taking control: Ed Burkhardt (left) with John Welsby, the BR chairman, on a Loadhaul locomotive

has bought rail operations in Canada and New Zealand. It made a profit of \$37m on turnover of \$211m in 1994.

Wisconsin persuaded the British government to reverse a decision to split BR's heavy freight operations into three separate companies and has acquired all of them, with a combined turnover of £559m.

It believes it can reverse the decline of rail transport - now down to just 6 per cent of the freight market in the UK - by improving the quality of service.

"We have demonstrated in our railway operations in the US, New Zealand and Canada that we can move rail traffic upward after a period of long-term decline," said Mr Burkhardt. Wisconsin has tripled its freight volumes in the US in the nine years since it was set up and has raised volumes by 10 to 12 per cent a year since it acquired New Zealand Rail in 1992.

Wisconsin has denied that its accident rate is too high. In reply to reports that 20 people

had been killed in the past two years in incidents involving Wisconsin trains, the company said the safety figures were "skewed" because much of its work involved shunting in congested yards and because they included "minor" accidents.

The British Department of Transport dismissed suggestions that the company's accident rate was three times higher than the average for comparable US railway companies.

London Stock Exchange 'Seag is like an old comfortable jacket, but one day it's going to wear out'

Investors and brokers say reforms are unnecessary

By George Graham and Norma Cohen

The London Stock Exchange is coming under increasing pressure from investors and brokers to pull back from plans to introduce order-driven electronic trading alongside the current market-making system.

A broad range of insurance companies and pension fund managers, as well as some market-making investment banks and private client stockbrokers, have all told the exchange that they see no need to change the

system. "First indications are that the majority of our membership firmly hold the view that neither they nor their clients believe that the quote-driven system of trading in London needs a fundamental reform," said the Association of Private Client Investment Managers and Stockbrokers.

"I don't think they have demonstrated that the change they have outlined would actually improve things," said one institutional fund manager.

The stock exchange tried to win over the investment community at a meeting hosted by National Westminster

bank earlier this month, but failed to sway many fund managers. Some UK and international investment banks, which have spent heavily to buy marketmakers, have been reluctant to oppose order-driven trading openly but are clearly relieved to have investor opinion on their side. But other stockbrokers are less happy about the groundswell of opinion running against swift introduction of order-driven trading.

"There are some backwoodsmen in the industry," said one. In the current system, marketmakers list the prices

at which they are willing to buy or sell shares on the stock exchange's Seag screen, but deals are actually struck over the telephone.

With the introduction of the exchange's new Sequence & Technical system this year, it will become possible not only to quote prices but also to carry out trades electronically. That opens the way for one investor's buy order to be matched automatically with another investor's sell order, sidestepping the marketmakers entirely. In a consultation document issued to member firms and investors

in January, the stock exchange invited comments on how order matching should be introduced.

Should it be used for the most, or least, liquid stocks? Should the order and quote systems be linked? Should investors who negotiate a large block trade be required to meet smaller orders at the same price?

Many replies took issue with the assumption that order matching should be introduced. But one senior marketmaker warned: "Seag is like an old comfortable jacket. But one day, it's going to wear out."

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The Eritrean people are now poised for the peaceful reconstruction and development of the war-lattered economy. The Government of Eritrea has enacted a series of policy measures to promote both domestic and external trade. The desire to give trade prominence in the development effort emanates from the recognition that Eritrea has a strategic location which is conducive for the expansion of trade.

For several weeks Mr Michael Lawrence, former chief executive of the London Stock Exchange, has stayed silent about the events which led to his departure from office in January. But in written evidence to the House of Commons Treasury committee he goes into detail. He strongly implies that he was sacked because of the determination of leading marketmakers to reassert their influence.

In the immediate aftermath of Mr Lawrence's dismissal Mr John Kemp-Welch, the exchange chairman, said that the chief executive had been removed from the post after losing the confidence of members. But Mr Lawrence says that there are "obvious inconsistencies" in the position taken by Mr Kemp-Welch. In a clear reference to marketmakers, he claims to have been seen "as an impediment to a return to the previous mechanisms of detailed control of the exchange by some of its members".

Mr Lawrence's account starts last autumn, when he says that the reforms he was implementing were fully backed by Mr Kemp-Welch and the exchange's leading figures. At the heart of the reforms was the development of a hybrid trading system, combining marketmaking with an "order-driven" alternative which would allow brokers to place on screen offers to buy and sell only those blocks of shares they want to trade at that moment.

The reforms were opposed by marketmaking institutions, who feared that the new systems would undermine their position. But as late as November, Mr Lawrence says, the chairman "assured me of his support for the trading reforms". The board, in spite of lobbying by institutions, "fully supported the proposals".

He adds: "I received no warning at any time that I did not enjoy their support, although we were all aware of the opposition of certain market-making institutions with most to lose from the new arrangements started to voice their concerns more forcefully.

Former chief breaks silence over dismissal

By James Blitz at Westminster

Big marketmakers were considering leaving the London Stock Exchange and setting up their own trading organisation before the firing of Mr Michael Lawrence as the exchange's chief executive in January, said a senior marketmaker. Sir Nicholas Redmayne, the chief executive of Kleinwort Benson, told the House of Commons Treasury committee that some marketmakers had considered breaking away and trading either through Reuters or through their own dealing organisation. "There was a danger, but only a danger, that the whole thing could break apart," he said.

First the exchange's board met and marketmakers were offered "significant representation" on a subcommittee which had been convened to steer through the trading changes.

Immediately after Christmas Mr Kemp-Welch told Mr Lawrence that he had decided to hold a meeting "to let the board know of the concerns of member firms" about the issue.

Mr Lawrence does not make any reference to the particular series of events which may then have triggered his departure. But a senior source connected with the affair has pointed out that there was a strong correlation between those board members who exercise an influence over appointments and the marketmakers who might most suffer from the reforms.

According to Mr Lawrence the climax to events came at the start of January, shortly before another meeting of the board. He says that just before the meeting Mr Kemp-Welch and other exchange officials "advised me that I had lost the board's confidence" and that "the purpose of my removal from office".

Mr Lawrence adds: "He [Mr Kemp-Welch] stated that he had talked to each board member the previous day, excluding the executive directors who had not been consulted, and they would support his demand for my resignation or dismissal."

The feelegood factor will remain elusive this year even if the chancellor cuts interest rates again, Coopers & Lybrand, the accountancy and consultancy firm, warns today. The firm casts doubt on the government's forecast that the economy will grow rapidly in 1996 underpinned by strong consumption. Its latest UK Economic Outlook warns that businesses cannot rely on a recovery in consumer confidence back to pre-recession levels of the late 1980s.

Ms Rosemary Radcliffe, head of economics at Coopers & Lybrand, said there would be no recovery in house prices while structural shifts in the jobs market towards more short-term, part-time working meant consumers would remain cautious. She said GDP would grow by 2 per cent this year in contrast to Treasury expectations of 3 per cent growth.

"If the French and German slowdowns turn into recession, which cannot be ruled out, even our central scenario of a modest 2 per cent UK growth rate may prove optimistic," she said.

Graham Bowley, Economics Staff

When the Vision for Business Opportunities Extends Beyond The Horizon..... ERITREA Welcomes You

The objectives of its Trade Policy include: promoting economic growth and a healthy balance of payments, expanding access to sources of raw materials, technology and know-how; removing domestic market limitations for the marketing of outputs and thereby improve employment opportunities; enhancing efficiency in production and competitiveness in price and quality of commodities and services; promoting regional co-operation and economic integration, and increasing the attraction of Eritrea to direct foreign investment.

In order to achieve the above-stated objectives, the Government of ERITREA has set short and long term Trade Policies including, among others,

- liberalising and simplifying the licensing regime and reducing and eliminating both tariffs and non-tariff barriers;
- fast-tracking export based industries and services by providing assistance in international market penetration, information back up and assistance in meeting the high standards required by the international market;
- encouraging participation in regional, bilateral and multilateral trade and economic co-operation and seeking access to preferential trade agreements and zones;
- encouraging the private sector to play a leading role in both domestic and external markets with minimal intervention of the government and building institutional capacity to help make Eritrea a trading nation.

For further information, please contact The Ministry of Trade & Industry on: Tel +291 1 113910 Fax: +291 1 120586

UK NEWS DIGEST

Sinn Féin seeks to 'rebuild peace'

British government officials will today meet Sinn Féin representatives for the first time since the Irish Republic's Army abandoned its ceasefire amid signs of progress in the Northern Ireland peace process. As tens of thousands of people marched for peace in towns across Ireland, Mr Martin McGuinness, who will head the Sinn Féin delegation, said the purpose of the discussions was to "examine how the peace process can be rebuilt".

The British prime minister's commitment to keep the peace process above the daily battle between the main political parties also received a boost yesterday when Mr Jack Straw, the opposition Labour party's shadow home secretary, who said he was recommending that Labour should not vote against the Prevention of Terrorism Act for the first time in more than a decade.

There was also an indication of a rapprochement between Mr John Hume, leader of the constitutional nationalist Social Democratic and Labour party, and Mr David Trimble, leader of the Ulster Unionist party, the largest pro-British party in Northern Ireland. Mr Hume, speaking on BBC Television, gave muted support for Northern Ireland elections as a precursor to all-party talks.

Robert Peston at Westminster and John Murray-Brown in Dublin

Ernst & Young defends criticism

The senior partner of one of the Big Six accountancy firms, yesterday defended its outspoken attack on the Accounting Standards Board, UK's leading standard-setter, and accused the rest of the profession of not wanting "to rock the boat" on important issues.

Ernst & Young, in a paper circulated to chairmen and finance directors at hundreds of leading companies, had said accounting as a financial language was in danger of being taken over by academic theorists who used the UK economy as a "test-bed".

Mr Nick Land, senior partner at Ernst & Young, said the firm's criticism of the ASB under Sid David Treadle was "heartfelt" and rejected suggestions that it was a marketing ploy. Sir David, speaking in one of the profession's leading magazines, dismissed Ernst & Young's critique as having "all the vision of a mole and the eloquence of a whoopee cushion".

Other members of the Big Six have joined the debate. Mr Ian Brindle, senior partner of Price Waterhouse and a member of the ASB, said: "This is a cheap publicity gimmick. What the hell are Ernst & Young up to? They should be ashamed of themselves."

Jim Kelly, Accountancy Correspondent

Fraudster aims to repay

Mr Peter Clowes, the convicted fraudster released on Thursday after serving four years of a 10-year prison sentence, said he would work to repay investors who lost £16m (£24.6m) in the Barlow Clowes investment group.

Mr Clowes said his "number one aim" was to pay back money still owing to former investors. "Investors have not had their full money back, but I am going to see that they are going to get what they're owed, with interest," he said. It would be "inappropriate" to explain how this would be done, he added. Mr Clowes, who headed the Barlow Clowes empire before its collapse in 1989, said he would seek to clear his name in the courts and threatened to sue the Serious Fraud Office.

The UK Treasury is trying to recover some of the lost money by serving a writ on Mrs Pamela Clowes, Mr Clowes' wife. The Treasury said: "The writ is in line with the government's overall policy to recover as much as possible from the Barlow Clowes affair."

Richard Donkin and Graham Bowley

Feelgood factor 'remains elusive'

The feelgood factor will remain elusive this year even if the chancellor cuts interest rates again, Coopers & Lybrand, the accountancy and consultancy firm, warns today. The firm casts doubt on the government's forecast that the economy will grow rapidly in 1996 underpinned by strong consumption. Its latest UK Economic Outlook warns that businesses cannot rely on a recovery in consumer confidence back to pre-recession levels of the late 1980s.

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Graham Bowley, Economics Staff

This notice is issued in compliance with the requirements of the London Stock Exchange. Application has been made to the London Stock Exchange for the Series A ELITES redeemable into Ordinary Shares of 25 pence each of British Airways Plc issued by BZW Equities (Bermuda) Limited and guaranteed by Barclays Bank PLC to be admitted to the Official List. It does not constitute an offer or invitation to any person to subscribe for or purchase any shares. It is expected that Listing will become effective and that dealings in the ELITES redeemable into Ordinary Shares of 25 pence each of British Airways Plc will commence on 26th February, 1996.

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The aggregate nominal amount of ELITES of all classes (including the ELITES redeemable into Ordinary Shares of 25 pence each of British Airways Plc) which may be issued is £1,000,000. Copies of the listing particulars are available for Exchange, London Stock Exchange Tower, Capel Court Entrance, off Bartholomew Lane, London EC2N 1HP during normal business hours on 26th February, 1996 and 27th February, 1996 and during normal business hours on 28th February, 1996 and up to and including 11th March, 1996 from:

Listing Agent: Barclays de Zoete Wedd Securities Limited, 8 Gresham House, 5 Gresham Lane, London EC2A 3TS
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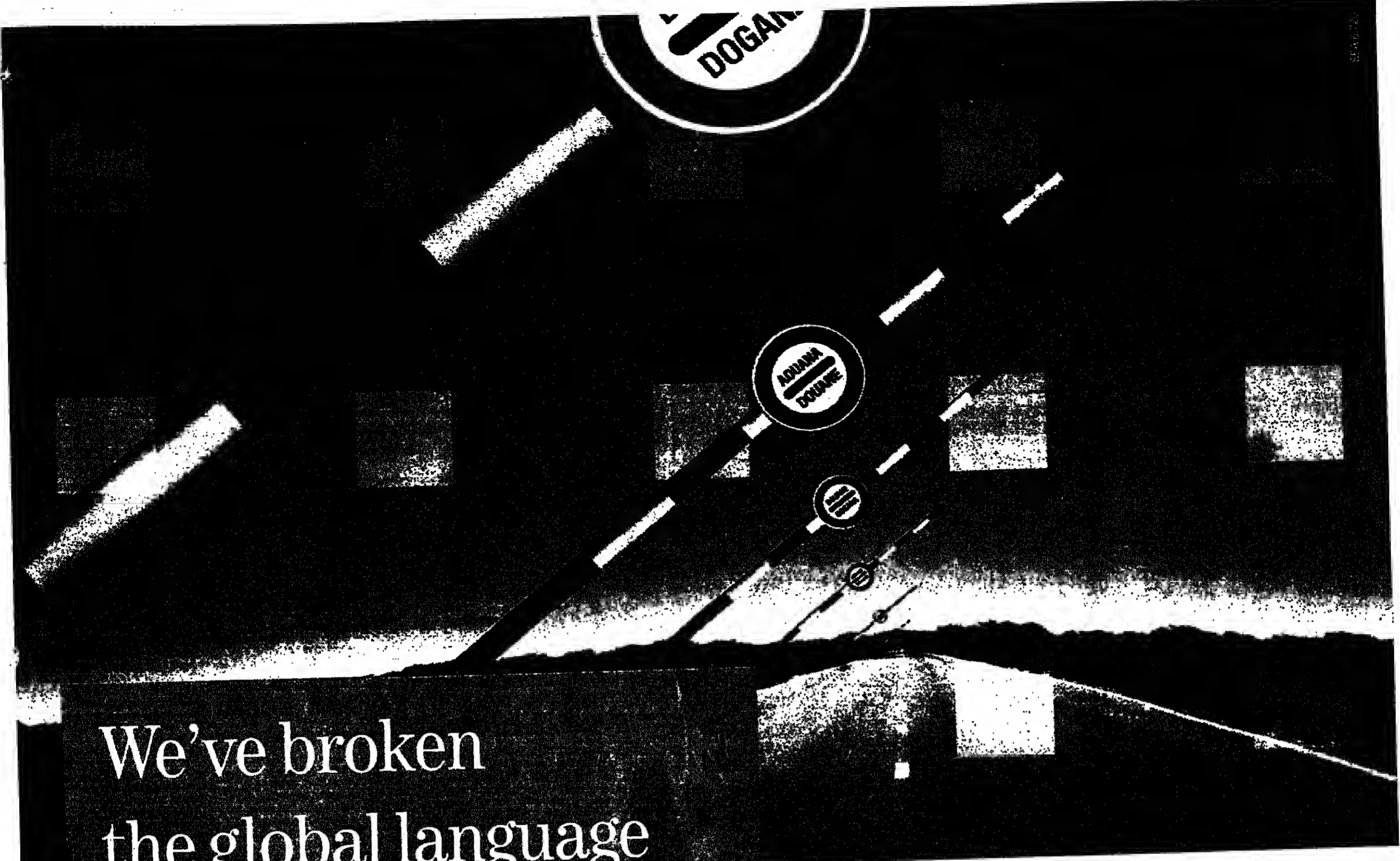
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Part 1.1 an upmarket pastry case containing lemon, jam etc. (anvib) BBC English 2 a civil wrong other than under contract or equity, see ROWE & MAW: asap (p4 0171-248 4282)
Rowe & Maw
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International Property & Plant Consultants
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Monday February 26 1996

Heineken poised for Moretti acquisition

By Frederick Oram, Consumer Industries Editor
Heineken is poised to become the largest brewer in Italy through its purchase shortly of Moretti from Interbrew, the Belgium brewer of Stella Artois.

national brewers to complement the international development of its own lager, the most global of beer brands. Earlier this month, for example, it bought a 54.4 per cent stake in Fischer Group, France's fourth-largest brewer.

The company was attractive to Heineken, however, for its distribution network in northern Italy and the addition it would make to Heineken's existing five Italian breweries, which produce about 3.5m hectolitres of beer a year.

Moretti, with capacity of some 1.1m hectolitres a year and sales of £300m (\$180m) has about 12 per cent of the Italian market. Its purchase will give Heineken a total share of more than 40 per cent, about five percentage points ahead of Peroni in which Danone, the French brewer of Kronenbourg, has a minority stake.

Despite difficulties in the past few years, the Italian market appears to have good growth potential unlike stagnant markets in northern Europe. Wine drinkers by custom, the Italians are switching slowly to beer, which accounts for only 15 per cent of their alcohol consumed against more than 50 per cent for the Germans, British and Belgians.

UK claim on French share trade in doubt

By Andrew Jack in Paris
The volume of French shares bought and sold through the UK market is substantially lower than claimed by the London Stock Exchange, according to an analysis carried out by a leading French academic.

De Beers went to the brink of a price war to get agreement on Russian exports Diamond deal heralds a retreat from the abyss

The immediate threat to the most durable cartel in recent history has passed. This time last week, De Beers, the South African group which for 60 years has organised the cartel of rough, or uncut, diamond producers, was ready to see it ripped apart by the departure of Russia, one of its most important members.

Five years ago, the Soviet Union formally rejoined the cartel and gave the CSO exclusive rights to the diamonds it was exporting. De Beers says that contract has been worthless for two years. So, when negotiations reached a hiatus in December and the Russians wanted the existing contract to be continued for another year, De Beers refused.

De Beers had two central gripes. It said the Russians were flagrantly breaching the contract by exporting huge quantities of rough diamonds without using the CSO. Analysts suggest well over \$1bn worth "leaked" to the west in this way in the past 18 months.

Also, as Russia began to build up its domestic diamond cutting, the locals were given first choice of production, leaving De Beers with the dregs. The Russians were not happy either. They found it hard to understand that the CSO alone sets prices. They felt, as big producers, they should be involved in that process. They also suggested they could get as much as 35 per cent more for their diamonds by selling outside the CSO, so they wanted to increase the proportion of stones they could sell independently from the 5 per cent permitted under the contract for "market testing".

Keeping the cartel on the road



Vladimir Pavlov, Russian Finance Minister



Nicky Oppenheimer, Deputy Chairman, De Beers

World diamond supply, 1993 production table with columns for Country, Production (cts,m), Sales value (\$bn)

whether the deal reached on Friday stops the leakage. But the memorandum promises the leakages will stop and was signed by Mr Vladimir Pavlov, Russia's minister of finance, rather than by a Komdraget official.

INSIDE



TONY JACKSON: GLOBAL INVESTOR
Deep job cuts have become the biggest Wall Street fad of all, a trend that reached a probable peak with the recent announcement by AT&T, the long-distance telephone company, that it was shedding 40,000 jobs.

THE BONDS: The Inter-American Development Bank's maiden global bond, expected this week, has brought the "global" concept under renewed scrutiny.

EQUITIES: The London market will be absorbed today with the government's fortunes in the debate on the Scott report on arms for Iraq. Economic data in the US will dominate proceedings, with figures on retail sales, the consumer price index and the producer price index all due.

EMERGING MARKETS: The turmoil in South Africa amid the collapse of the rand has injected new fervour into the perennial debate over the future of exchange controls - which the reserve bank and the government have pledged to abolish.

CURRENCIES: The starting point for the dollar this week will be the feedback from the first meeting, held last Friday, between President Bill Clinton and Mr Ryutaro Hashimoto, the Japanese prime minister.

COMMODITIES: Persistent excessive stock levels in the world zinc market are likely to cast a shadow over the American Zinc Association's five-day annual international conference, which began in Palm Springs yesterday.

INTERNATIONAL COMPANIES: Portugal has rejected a \$1.52bn (\$899m) takeover bid for Banco Fomento e Exterior and opted to seek competing purchase tenders for the state-controlled financial group.

UK COMPANIES: Members of the family that founded Umbro, the Manchester-based sportswear manufacturer, are planning to take legal action against its US parent, which is preparing to float Umbro later this year.

STATISTICS

Table with 2 columns: Index Name, Value

Companies in this issue

Table with 2 columns: Company Name, Page Number

policy
The study cost FF200,000 (\$30,525) and was funded by the Societe des Bourses Francaises, operator of the French stock market, which commissioned it at the start of last year.

Scandinavian Airlines System plans to streamline ownership structure

By Christopher Brown-Hume in Stockholm
Scandinavian Airlines System has unveiled plans to simplify its ownership structure - one of the most complex in the Nordic region - to increase its market visibility at a time of heavy investments in new aircraft.

"We have huge investments ahead of us because we are totally renewing our fleet over the next 10 years," he said. "It is in our interest to have a clearer ownership structure, good analysis of our company and as good an access to the capital markets as possible."

Danish governments hold 60 per cent of each respective company. The streamlining will not affect the ownership structure nor the division between state and private ownership, but it will force the three holding companies to separate their non-SAS activities, harmonise their accounting procedures, and align their capital to the size of their SAS shareholdings.

He said tax was one of the reasons SAS's owners were unwilling to change the company's broader ownership structure. If the airline had one domicile, all its tax income - SKr750m (\$108m) last year - would go to that country, and the two others would get nothing.

BET letter attempts to spike Rentokil's guns in bid battle

By Patrick Harverson in London
BET, the UK business services group facing a hostile £1.8bn (\$3.77bn) bid from Rentokil, has launched a pre-emptive strike against its rival by sending a letter to shareholders outlining the improvements BET has made in the past five years.

BET's fortunes since 1991. BET says between 1991 and 1994 its total net debt was cut from £712m to a net cash position of £33m and the company "sharpened its focus" by reducing profit centres from 160 to 55 and concentrating on businesses with the greatest growth potential.

The letter is the latest salvo in an increasingly heated bid battle. Last week, BET rejected an unexpected offer from Rentokil to buy just three-quarters of the company. Some analysts saw the approach as an attempt by Rentokil to ally City of London concern that its bid might be over-ambitious.

Delta Air Lines advertisement: "When you fly Delta nothing should get in the way of you relaxing. Our flight attendants recognise whether to leave you alone, to let you sleep or to make time for a friendly chat. That's why every passenger who gets off any of the 500 flights to our home town of Atlanta, the venue of the 1996 Olympics, arrives feeling like they can take on the world. Delta Air Lines. You'll love the way we fly."

COMPANIES AND FINANCE

Family that sold Umbro plans lawsuit

Members of the family that founded Umbro, the Manchester-based sportswear manufacturer, are planning to take legal action against its US parent which is preparing to float Umbro later this year.

Mr Stuart Humphreys and Mr Ben Humphreys - son and grandson respectively of Umbro's founder Mr Harold Humphreys - have instructed their solicitors to prepare proceedings relating to the sale of Umbro to the privately-owned Stoe Manufacturing company of North Carolina in September 1992 for £2.9m.

The two men - who owned 37 per cent of Umbro before its sale - claim that £2.9m was not a "fair" price for a business that made pre-tax profits of £3.1m on revenues of \$60m in 1992, and which analysts expect to be valued at more than £100m when it goes public this year.

Mr Ben Humphreys points out that Stoe bought Umbro for £2.9m only three months after it had made an offer to buy the company for £14.8m. The Humphreys' solicitor, Mr Stephen Cantor of Boote Edgar Estackin in Manchester, said on Friday: "I have been instructed by Ben and Stuart to bring proceedings in respect of the losses they say they have suffered as a result of the sale of Umbro for £2.9m."

They're ploughing everything back into building the brand's profile. Although dwarfed in the sportswear industry by Nike, Reebok and Adidas, Umbro has a high profile in football. Worldwide, more than 80 professional teams wear Umbro kits - including Manchester United, Ajax of Amsterdam, and Inter Milan - as do several national squads, including England and Brazil.

Granada seeks TV executive

Granada, the hotels and leisure group, said yesterday it had started looking for a senior executive to oversee its expanding television interests, writes Raymond Snoddy. The search has become necessary because of management changes due in April. Mr Gerry Robinson is due to take over from Mr Alex Bernstein, chairman, and Mr Charles Allen, whose present responsibilities include television, becomes chief executive.

Showa Shell says the worst is over

Showa Shell, Japan's largest oil refiner, reported another step fall in annual profits, but said the worst was over. The group, an affiliate of Royal Dutch Shell, announced a 22.3 per cent fall in recurring profits - before tax and extraordinary items - to ¥19,090m (\$128m) for 1995, slightly better than the ¥18.6m fall market had expected. It attributed the bulk of the ¥18.6m fall in profits to a ¥3bn write-off for earlier foreign exchange losses.

Sales fell by 3.3 per cent to ¥1,354bn. Showa Shell blamed more than half the fall on the price war in petrol, diesel and fuel oil. It was the fourth successive year of decline for both sales and profits at the company, which expects a slight recovery this year. Net profits dropped sharply, from ¥38.71 per share in 1994 to ¥26.48 last year, and are expected to stagnate in the current year at ¥26.54 per share, it said. William Dankins, Tokyo

Yamaichi quits market-making in gilts

Yamaichi, the Japanese securities house, is ceasing to be a gilt-edged marketmaker in a move which underlines the strong grip a few large dealers have on the industry. Yamaichi International Europe announced on Friday that its subsidiary, Yamaichi Gilts, is to pull out of gilt-edged market making with effect from today and that all its gilt trading activities will be transferred to Yamaichi International's European government bond desk.

Itive pressures within the industry and its polarisation between a few large dealers. It also follows the introduction of the open market in gilt sales and repurchase agreements, or repos, on January 2, which removed the exclusive privilege of gilt-edged marketmakers, or Gemms, to "short" the market that is, sell gilts they do not own. Since repos allow everyone to go short of gilts, some banks have questioned the need to be a Gemm.

He also said that Japanese investment flows into gilts had been limited, partly because of political and currency risk in the UK. Instead, Japanese investors had preferred other European government bond markets. One industry analyst said he was surprised by the move. While Yamaichi was never a big player in the market and lacked a large investor base, he said it had spent a lot of money in raising its profile in the market by hiring well-regarded analysts, including Mr Shepperd and Mr Nigel Richardson, head of bond research.

Gilt-edged marketmakers are the official dealers in UK government debt. They are committed to quoting firm bid and offer prices, which can be costly in volatile markets. Many banks suffered big losses in 1994 from a sharp fall in bond prices and made only disappointing profits last year. One analyst said: "The market has become tighter. Gemms are making money, but it is limited to the big players."

Lopex, the advertising and marketing services company, has agreed to sell its 73 per cent stake in Warwick Baker & Fiore, a New York-based advertising agency, back to WBF for \$2.9m (£1.83m) in staged cash payments. The disposal forms part of Lopex's strategy of disposing of non-core activities. Proceeds will be used to reduce debt.

Tower Semiconductor to expand

Tower Semiconductor, the Israeli semiconductor manufacturer, is considering building a \$1m manufacturing plant in Israel to expand its growing business. A final decision to invest will depend on the incentive package the government would offer. The Tower move follows two large semiconductor investment announcements made recently by Intel and Motorola, both seeking to exploit Israel's hefty subsidy policy for companies investing in development zones. Avi Machlis, Jerusalem

Oslo proceed with UBN sale

The Norwegian government is to proceed with the sale of its stake in Union Bank of Norway (UBN), the country's largest savings bank. The government stands to raise about NOK1.7b (\$200m) from the sale of up to 10m primary capital certificates (PCCs) in UBN, 43 per cent of the bank's PCC capital. The PCCs, similar to equity but with reduced voting rights, closed at NOK176 in Oslo on Friday.

Best year for Korean carmakers The Korea Automobile Manufacturers' Association (KAMA) estimates that South Korea's five vehicle producers will report a record year for sales and profits in 1995, with combined net earnings of Won138trn (\$177m) and sales up by 18 per cent to Won22,000trn. Hyundai Motor, the country's largest maker of vehicles, is expected to report net earnings of Won210trn on sales of Won10bn each after both reported losses in 1994. Sales for Kia in 1995 are expected to be Won5,700trn, with Daewoo at Won3,600trn. Asia Motor, the truck subsidiary of Kia, is estimated to have a net profit of Won80trn on sales of Won1,600trn. Daewoo Motor is expected to post a loss of Won100trn on sales of Won1,000trn due to heavy investment in production expansion and development. John Burton, Seoul

Maybe this time, we can put it all behind us

A year after Barings crashed, its Dutch rescuer ING is still picking up debris, writes Nicholas Denton

Internationale Nederlanden Groep has high hopes for the first anniversary of the collapse of Barings - just as it has had for every other event which could serve to draw a line under the past of the UK merchant bank it rescued. But ING Barings, the merged investment bank, and Mr Hessel Lindenbergh, its chairman and chief executive, cannot yet devote their full attention to the construction of the emerging markets powerhouse they have planned. Mr Nick Leeson, the Barings trader whose unauthorised derivatives positions brought down the bank with \$890m in losses, has reopened discussion of the collapse with his book Rogue Trader.

The official inquiries into the collapse of Barings, with which ING has to co-operate, have proliferated. The reports by the Bank of England and the inspectors appointed by the Singapore finance ministry are out. But the Securities and Futures Authority, the industry regulator, is considering disciplinary action against executives including Mr Andrew Tuckey, former deputy chairman, who still works for ING, as a consultant. And the Commons Treasury Select Committee announced last week it planned to question six Barings executives, among others, after the Easter recess.

through to final presentations with three clients. Last month, the rebuilding of the derivatives business was well enough advanced for ING Barings to announce the creation of IBFP, a separate entity for derivatives. The emphasis will be on over-the-counter products, tailor-made for companies and investors, rather than the riskier proprietary trading by which Barings made most of its profits. The equity broking, which was Barings' largest source of revenue, suffered from the unexpectedly long closure of Barings' Singapore and Tokyo offices after the collapse. Brokerage income, which comes mainly from emerging markets trading, was very, very depressed in the second half of the year, according to Mr Lindenbergh. Bonuses in the division are expected to be commensurately low. But ING Barings is poised to benefit from a return to favour of emerging markets this year. ING Barings is expanding in eastern Europe through ING's existing network of bank

branches. And in emerging markets such as the Philippines and Mexico, the equity business has used ING's capital to provide a seller with instant proceeds while waiting until the company is in fit state for a public offering. The turnaround owes much to luck, the passage of time and the powerful strategic logic of the acquisition. In addition, crucially, ING's take-



Hessel Lindenbergh: defused tensions with his dry humour

over Barings has prompted fewer defections than Swiss Bank Corporation's acquisition of S.G. Warburg. A pragmatic ING has, for instance, allowed the corporate financiers to operate under Barings Brothers, a name to which they were attached. And, immediately after the collapse, ING braved an outcry by paying employees the \$100m of bonuses they had been promised, in order to retain them. Tensions have also been defused by Mr Lindenbergh's transparent honesty and dry sense of humour. "He has hit exactly the right note with the people here, with the result that they have all stayed," says a Barings executive. Mr Lindenbergh is said to have an uncanny sensitivity to the unspoken feelings of fellow executives at meetings. "Hessel would pick up that someone was burning with emotion," says a colleague. "Come on, what's the trouble? he'd ask." That was not a question often raised at buttoned-up management meetings at Barings before the collapse.

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FT GUIDE TO WORLD CURRENCIES. Table with columns for Country, Currency, and various exchange rates (e.g., \$/£, £/¥, etc.). Includes a section for 'Special Drawing Rights' and a note about the table's accuracy and date.

COMPANIES AND FINANCE

Portugal turns down BPI bid for BFE

By Peter Wise in Lisbon

Portugal has rejected a €1.52bn (\$986m) takeover bid for Banco Fomento e Exterior and opted to seek competing purchase tenders for the state-controlled financial group.

The finance ministry turned down the offer by Banco Português de Investimento on the grounds that it was not envisaged within the government's privatisation plans for BFE.

Analysts said the decision was a clear message that the new centre-left government aimed to keep firm control of its extensive privatisation programme rather than let the market dictate terms.

But the government has opened itself to criticism for taking over a month to reach what amounts to a political decision, given that the legal and technical terms of BFE's bid were officially approved.

BFE, Portugal's fifth-largest banking group, is now to be privatised through competitive bidding for a controlling stake. This would better protect the interests of the state and minority shareholders, the finance ministry said.

Mr Artur Santos Silva, BFI president, said yesterday the

government announced its decision.

Candidates for the controlling stake will be pre-selected by a jury. The holding will then be sold to the highest bidder from the short-list. Potential buyers will be offered an indivisible block of 51 per cent of BFE directly owned by the state.

The successful purchaser will also have to offer at least the same price for 19.5 per cent of the bank that was privatised in 1994, and for 12 per cent owned by Cimpor, a state-controlled cement company.

In a second phase, the

remaining 17.5 per cent of BFE will be offered to employees and small savers at a fixed price. Any shares not sold will have to be bought by the purchaser of the main holding.

Portugal is to set a maximum limit on the total assets of any financial group seeking to acquire BFE. This gives the government the power to bar large foreign banks from the bidding as well as Portugal's dominant groups.

Some analysts say the government should also fix a minimum asset size to prevent small banks acting as a front for unknown investors.

Bank of Japan's Frankfurt office. "Older people are especially cautious and risk-averse. These are the people who have built up considerable assets. This factor (Emu anxieties) should not be underestimated."

He said, however, that it was impossible to quantify the effect on investment attitudes of concern over Emu. Much evidence was anecdotal, but should not be ignored by politicians ahead of Emu.

"Any mistakes could lead to chaotic circumstances on the capital market."

Big institutional investors have mostly taken account of Emu in their strategies, said Mr Dieter Wermuth of Westdeutsche Landesbank. "It is not a topic any more for the professionals."

added. In the 1998 reform, savers lost out under the terms of the Reichsmark's replacement by the D-Mark.

With Emu, the fear is that the D-Mark will be succeeded by a weaker euro. Politicians and central bankers have stressed that the economic criteria for Emu must be adhered to strictly, but this has raised the question of whether it can start on time, since even Germany now fails to meet all the criteria.

"Private investors are certainly worried about Emu," said Mr Jan Holzhisen, bond analyst at DG Bank. "Many have drastically shortened the period over which they want to invest." He said Emu affected the attitudes of investors with up to DM1m (\$689m).

North looks to long term after first-half downturn

By Nikki Tait in Melbourne

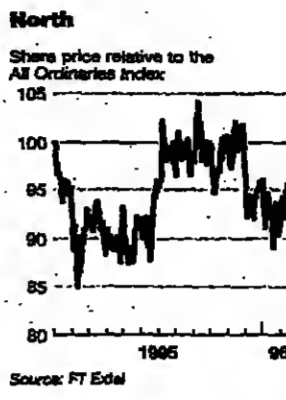
North, the Melbourne-based resources group, reported a fall in after-tax profits from A\$51.5m to A\$32.3m (US\$24.4m) in the half-year to end-December, on revenues up from A\$457.1m to A\$490.1m.

Mr Campbell Anderson, managing director, said that "at this point" he would expect the second half to be "a considerable improvement" on the first.

But in its formal statement, North also warned that any profits growth over the next two years was likely to be modest due to "increased exploration and development programmes and higher financial charges relating to recent acquisitions offsetting any gains in sales and profits from existing businesses".

Longer-term, however, it said that shareholders could expect to benefit increasingly from new projects and investments.

Operating profits for the first half were little changed from the same period a year ago, with the group making A\$124.5m against A\$123.8m. But higher exploration costs of A\$26.6m against A\$20.3m, a small interest charge against a surplus last time, and an A\$8.5m abnormal item significantly reduced the bottom line.



listed mining group, after North decided not proceed with an option to buy up to 80 per cent of the Yakabindie nickel project in Western Australia, which Dominion was seeking to develop.

North said it was still talking to Dominion, but that it had no confidence "one way or the other" of resurrecting the deal. There had been no decision to sell the Dominion stake, but it was now held as a current asset.

Of the group's core activities, profits from uranium and gold were sharply higher, on the back of higher sales and strengthening markets. The Warman equipment business also posted higher earnings.

Bnt iron ore was down, due to lower sales volumes and cost increases, as was forest products, mainly as a result of export licence restrictions.

The Swedish Zinkgruvan mine, which North acquired late last year, had no effect with North accounting for the business for January 1. However, the company said that it was encouraged by the purchase, and that its desire to increase annual production from around 650,000 tonnes at present to 900,000 over the next three to four years had been accepted locally.

German investors nervous about prospects for Emu

By Andrew Fisher in Frankfurt

German private investors are increasingly nervous about the prospect of European monetary union and the disappearance of the D-Mark, leading many to avoid investments maturing after 1999, according to some bank advisers and economists.

Such fears contributed to last week's low bidding for a DM10bn issue of five-year government notes, although traders mainly blamed the Bundesbank for mishandling the auction. The issue matures in November 2000; Emu is due to start on January 1 1999.

"This is a neurotic time threshold," said Mr Adolf Rosenstock of Industrial

Bank of Japan's Frankfurt office. "Older people are especially cautious and risk-averse. These are the people who have built up considerable assets. This factor (Emu anxieties) should not be underestimated."

He said, however, that it was impossible to quantify the effect on investment attitudes of concern over Emu. Much evidence was anecdotal, but should not be ignored by politicians ahead of Emu.

"Any mistakes could lead to chaotic circumstances on the capital market."

Big institutional investors have mostly taken account of Emu in their strategies, said Mr Dieter Wermuth of Westdeutsche Landesbank. "It is not a topic any more for the professionals."

But Mr Rosenstock said private investors were cautious. "You can't easily remove mistrust about new money."

The D-Mark will be replaced by the euro when Emu begins, although the new currency will not be widely distributed until 2002. "Clients have become very sensitive about currency union," said Prince Alexander of Hessen, a Frankfurt-based investment adviser at Bayerische Vereinsbank. "They are wary of longer-term loans, though low interest rates also play a part."

"There is much uncertainty about how Emu will be introduced. Older people also remember the currency reform. They are wrong to compare the two, but it is a very emotional subject," he

added. In the 1998 reform, savers lost out under the terms of the Reichsmark's replacement by the D-Mark.

With Emu, the fear is that the D-Mark will be succeeded by a weaker euro. Politicians and central bankers have stressed that the economic criteria for Emu must be adhered to strictly, but this has raised the question of whether it can start on time, since even Germany now fails to meet all the criteria.

"Private investors are certainly worried about Emu," said Mr Jan Holzhisen, bond analyst at DG Bank. "Many have drastically shortened the period over which they want to invest." He said Emu affected the attitudes of investors with up to DM1m (\$689m).

Bre-X shares soar on Busang stake

Even by the super-charged standards of speculative North American mining shares, Bre-X Minerals has put on a terrific show. The Calgary-based exploration company, which is listed on the Alberta stock exchange, has rocketed from C\$1.90 a year ago to a peak of C\$170 last week. The shares closed at C\$150.25 last Friday, giving Bre-X a market capitalisation of C\$3.2bn.

The buying frenzy stems from Bre-X's 80 per cent stake in what appears to be a huge gold deposit at Busang, Indonesia. Busang is part of an extensive "gold belt" stretching across the island of Kalimantan that has attracted several prominent multinational mining companies and a horde of small exploration outfits.

"It's more than a gold discovery," says Mr John Halney, analyst at Eagle & Partners in Toronto. "Even if Bre-X does not go, they're already in the category of senior gold producers."

Bre-X's shares have been given an extra push by speculation of a takeover bid. According to Mr Ron Coll, analyst at Deutsche Morgan Grenfell in Toronto, "this is the kind of project that the big companies need to get control of."

Possible predators include Newmont Mining, the US group, Vancouver-based Placer Dome, and Barrick Gold of Toronto. Earlier this year Barrick advanced US\$14.7m to another junior company to finance exploration on a parcel of properties near Busang.

The big question now is just how rich the Busang deposit will turn out to be. Bre-X bought its initial stake in the property two years ago for a modest C\$100,000. Drilling results released last week delineated reserves of about 15m ounces. However, drilling has so far been limited to only a relatively small section in the south-east of the property.

"They could quite easily get 200 million ounces, and it doesn't stop there," Mr Halney says. "The upside is still wide open."

comparison, medium-

Bernard Simon looks at a Canadian gold rush winner in Indonesia

ized North American producers have reserves of 5m to 10m ounces. Barrick Gold, currently the biggest gold producer outside South Africa, estimates its total "proven and probable" reserves at 36.5m ounces.

Besides its size, the Busang deposit appears to have the advantages of being high-grade, close to the surface and amenable to a relatively simple metallurgical extraction process. Production costs are thus expected to be low.

Mr David Walsh, Bre-X's chief executive, predicts that a mine could be in operation by late 1999.

Bre-X is 24 per cent owned by Breaux Resources, which is listed on the Montreal stock exchange. Mr Walsh, whose background is in investment management and mining finance, is a substantial shareholder in both companies.

Bre-X owes much of its success, however, to Mr John Felderhof, a Canadian geologist who lives in Indonesia and is credited with having a hand in the discovery of Ok Tedi, the big copper and gold mine in Papua New Guinea. Mr Felderhof persuaded Mr Walsh to invest in Indonesia in 1993 on the grounds that metal prices were low and, in Mr Walsh's words, "because no-one was there".

Bre-X shareholders will be asked to approve a 10-for-1 share split at next month's annual meeting. Analysts estimate the shares are worth C\$200 or more, based on valuation criteria applied to large North American producers.

However, an investment in Bre-X does carry greater risks, including its reliance on a single project and the fact that Busang is still several years away from production.

Bad debt provisions hit Banco Bamerindus

By Angus Foster in São Paulo

Banco Bamerindus, one of Brazil's largest private sector banks, has announced a sharp fall in profits following a big rise in bad debt provisions. Bamerindus, which was affected last year by rumours about the health of several Brazilian banks, also saw its borrowing costs increase and a steep fall in deposits.

Bamerindus said net profits fell to R\$99.7m (US\$101.7m) in the year to December 31, compared with R\$136.5m in 1994. Earnings per 1,000 shares fell from R\$4.10 in the previous period to R\$2.94.

About two-thirds of Bamerindus' profits came in the first half of the year, before Brazil's economy slowed and several banks hit a liquidity crisis. Bamerindus' provisions for doubtful credits jumped from R\$4m to R\$402m, although one analyst said the bank's provisions were less cautious than some rivals.

Bamerindus said deposits fell from R\$9,05bn to R\$6,58bn. Several banks were hit by liquidity concerns during the year, prompting customers to shift to the country's biggest private sector banks.

Income from banking services, seen as an important source of profits now inflation-related gains have fallen, rose more than 40 per cent to R\$636.8m.

Partly prompted by these liquidity concerns, Bamerindus sold its stakes in two of Brazil's largest steelmakers, CSN and Usiminas, and a petrochemical company. The bank said the sales raised R\$255.6m.

Impacel, a troubled paper company controlled by the bank, continued to lose money, the bank said.

Bamerindus reported a slight increase in net assets during the year. They rose 8.3 per cent to R\$1.94bn. The bank's return on net assets fell from more than 11 per cent to 7.5 per cent.

1995 Deals of the Year*

<p><i>Debt</i></p> <p><i>Leveraged Finance</i></p> <p><i>Equity</i></p> <p><i>Project Finance</i></p> <p><i>MCA</i></p>	<p>Raytheon \$1.125 billion</p> <p>Petronas \$1 billion</p> <p>Cox Communications \$950 million</p> <p>Luxottica \$1.55 billion</p> <p>DuPont \$8.8 billion</p> <p>ENI, S.p.A. \$3.95 billion</p> <p>Nordbanken \$1 billion</p> <p>LUKoil \$321 million</p> <p>California Energy \$675 million</p> <p>North Star BHP Steel \$350 million</p> <p>Wells Fargo / First Interstate \$11.6 billion</p> <p>Time Warner / Turner \$9.3 billion</p> <p>Seagram / MCA \$5.7 billion</p> <p>IBM / Lotus \$3.5 billion</p> <p>Union Pacific / Chicago and North Western \$2.3 billion</p>	<h1>You Don't Scoop Up Fifteen Awards With Plain Vanilla.</h1> <p>At CS First Boston, our innovative thinking leads to investment banking transactions that win awards. More importantly, it earns the respect of our clients.</p>  <p>CS FIRST BOSTON</p>
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*A partial list of transactions ranked by deal size of the following categories: Corporate Finance, Leveraged Finance, Mergers and Acquisitions, Project Finance, Real Estate Finance, and Structured Finance. Issued by CS First Boston, L.P. Reprinted by SFA.

ING BANK Seu Parceiro em Mercados Emergentes e de Capitais ING BARINGS

FINANCIAL TIMES MARKETS THIS WEEK

ING BANK At Home in Emerging and Capital Markets ING BARINGS

Global Investor / Tony Jackson

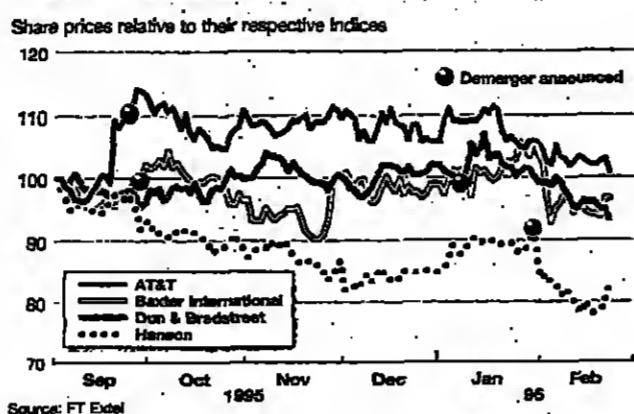
Behind the fads lurk real-world issues



Spot the hidden trend. Last September, the US phone company AT&T announced it would split itself up, and in the next five trading days its stock rose 11 per cent.

street and Hanson are not fair examples. Dun & Bradstreet's break-up plan appears to involve a divided cut, and Hanson's raises tax problems.

Price of breaking up



Source: FT Data

It is also worth noting that GE's employment rose fractionally last year, from 221,000 to 222,000. The company was deviled for shedding jobs a dozen years ago. It now appears to be bucking the trend again.

underpinned by a fundamental trend: almost all the big old US corporations are steadily employing less labour. But dramatic announcements of job cuts are something the investment community can comprehend.

Total return in local currency to 22/2/96

Table with columns for US, Japan, Germany, France, Italy, UK and rows for Cash, Bonds 3-5 year, Bonds 7-10 year, Equities.

Source: Cash & Bonds - Latham Brothers; Equities - FTSE International Ltd.

why record corporate profits should coincide with record job losses. Even the Wall Street Journal carried an article highly critical of Mr Allen on its front page last week.

Perhaps. But the argument would be more persuasive if management were not being offered an extra incentive for job cuts in the form of rising stock prices and consequent bonuses.

COMMODITIES

Zinc trade under a shadow

Persistent excessive stock levels in the world zinc market are likely to cast a shadow over the American Zinc Association's five-day annual international conference, which began in Palm Springs yesterday.

"The stock accumulation from 1992 to 1994 was such that it has left a huge overhang," said Angus MacMillan of Biliton Metals.

ducer. "There are a lot of long term contracts on the books, although spot business has been a bit difficult in the past few months."

Paris today and concludes on Sunday. Today also sees the launch in Johannesburg by the South African Futures Exchange (Safex) of white and yellow maize futures.

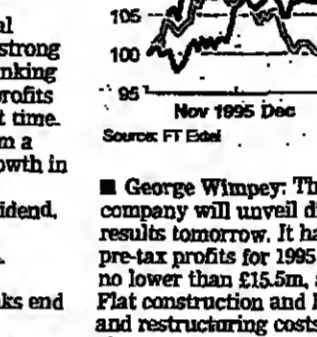
Company news

Abbey National final expected to be generous

Abbey National reports 1995 annual results today. After a particularly strong second half the home loans and banking group is forecast to make pre-tax profits of £1bn-£1.04bn, up from £928m last time.

Clearing banks

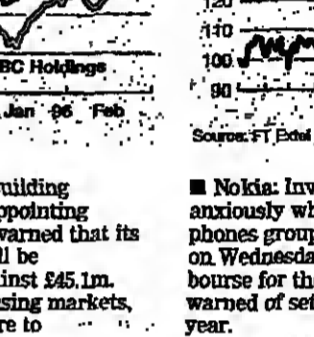
Share prices (rebased)



Source: FT Data

Nokia

Share price relative to the Helsinki General Index



Source: FT Data

Commonwealth Bank Australia advertisement with details on floating rate notes and interest rates.

Bank of South Australia Limited advertisement with details on floating rate notes due 1999.

European Investment Bank advertisement with details on floating rate notes due 1997.

Interfinance Credit National N.V. advertisement with details on guaranteed floating rate notes.

BANK OF GREECE advertisement with details on floating rate notes 1998.

JPMorgan advertisement with details on floating rate notes due 1999.

JPMorgan advertisement with details on floating rate notes due 2000.

PUTNAM HIGH INCOME GNMA FUND S.A. advertisement with details on fund performance and meeting agenda.

ABN-AMRO advertisement with details on US Dollars 150,000,000 Subordinated Floating Rate Notes.

SEND US YOUR OWN PAPERCLIP advertisement with details on CRMF FreePost London SW3 3BR.

FT/S&P ACTUARIES WORLD WIDERS table with columns for Regional Markets, US, UK, and other countries, showing various financial metrics.

KNIGHT-RIDDER'S FUTURES MARKET DATABANK advertisement with details on software and services.

Signal advertisement with details on real-time quotes, Forex rates, and news headlines.

Handwritten Arabic text: مكاتبنا للتحويل

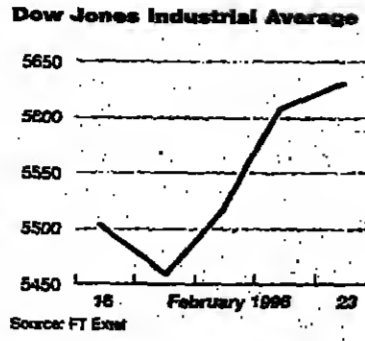
EQUITY MARKETS: This Week

NEW YORK

Lisa Bransten

Delayed data could ease uncertainty

For a week in which the Dow Jones Industrial Average soared by nearly 200 points, last week was certainly a scary one. The Dow opened the holiday-shortened week with a 45-point loss and then gyrated through the remaining three sessions as investors assessed and reassessed their outlook on the economy and interest rates.



Enough in January to spark the economy. The main estimate has retail sales falling by 0.3 per cent, while analysts are looking for flat sales, excluding volatile car components.

OTHER MARKETS

FRANKFURT

With last week's weakness in bonds reversed by lower than expected money supply growth figures, and strength in equities surging on Wall Street's performance, next week will be an intriguing one for German equity strategists.

AMSTERDAM

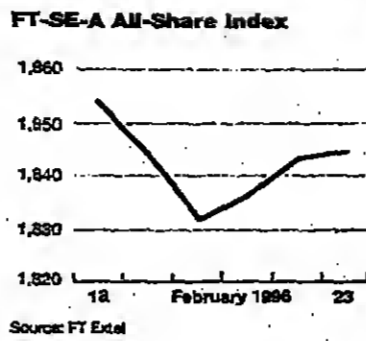
The Dutch market will be faced with corporate results from a mix of cyclical and financial stocks this week, with the chemical groups, Akzo Nobel and DSM, and ABN Amro Bank all scheduled to release 1995 profit figures.

LONDON

Philip Coggan

Caution likely ahead of Scott debate result

The Scott report debate today promises a nervous start to the week for the market. While traders expect the government to survive the furore, the latest political defection will make investors cautious about committing money before the result is known.



two-point fall in US Treasuries and Thursday's 90 point rise in the Dow Jones Industrial Average - domestic developments may well prove secondary to events elsewhere.

International offerings

Sense of urgency sparks a build-up of issuance

A sense of urgency has crept into the primary equity market. After a slow start to 1996 - the only notable offering in January was the sale of more stock in the oil and gas company Repsol by a mountain of issuance has built up.

potential issuers of equity to come to the market sooner rather than later to take advantage of the liquidity. There is evidence that US investors are again looking at European and emerging markets after concentrating on their domestic market for most of 1995.

its privatisations. Finish with the success of the Repsol offering, it has proceeded quickly to the third sale of stock in Argentina, the banking group, despite the fact that it will coincide with the country's general elections.

HONG KONG

Investors will focus today on results from the colony's two biggest banking groups, HSBC Holdings and Hang Seng Bank, to set the tone for trading.

TOKYO

A seven-day losing streak for the Nikkei average, the longest consecutive string of losing sessions since January 1995, had wiped nearly 600 points off the barometer index by the end of last week.

CROSS BORDER M&A DEALS

Table with columns: BIDDER/INVESTOR, TARGET, SECTOR, VALUE, COMMENT. Lists various international M&A deals.

EMERGING MARKETS: This Week

The Emerging Investor / Mark Ashurst in Johannesburg Drama spurs reform calls

The timing of the visit by Mr Hans Tietmeyer, the Bundesbank president, to South Africa last week was intended to add gravitas to the reserve bank's calls for fiscal discipline ahead of the March 13 budget.

to R925m on Wednesday as investors suffered intermittent panic attacks.

For traders raised in the relative insularity of South Africa's traditionally protected money markets, it was a sobering week.

The turmoil has injected new fervour into the perennial debate over the future of exchange controls which the Reserve Bank and the government have pledged to abolish.

Official assurances that an easing of the controls was imminent are widely believed to have precipitated the rand's demise.

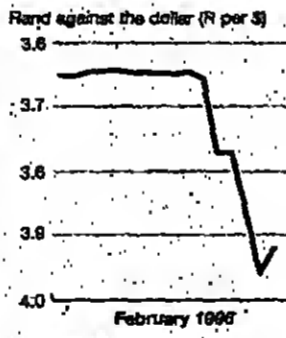
Industrial counters rallied in tandem with improvements in the bond market; Iscor, the steel producer, traded 23.3m shares worth R95.7m in 180 deals on Thursday.

A further boost in confidence is expected when the Johannesburg exchange, the world's tenth largest by market capitalisation, embarks on a three-month transition to screen-based trading on March 8.

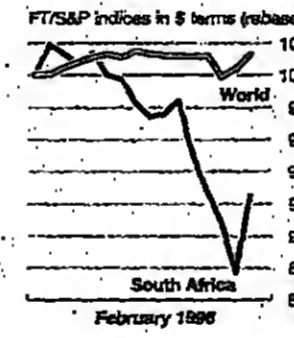
The move is the latest in a series of reforms intended to attract foreign interest and improve liquidity - the single biggest disincentive to foreign investors considering a position in South Africa.

Analysts have raised inflation forecasts for the year by 0.5 of a percentage point to 7.5 per cent. The risk of inflationary pressures caused by the weaker rand is keenly felt by the government, which last month announced it would not meet this year's budget deficit target of 5.8 per cent of GNP.

South Africa



FT/S&P indices in \$ terms (rebased)



there is a risk of continued downward pressure on the rand in the run-up to this year's budget. Dr Stals and Mr Chris Liebenberg, the finance minister, will also be conscious that, in spite of efforts to bury the link between South Africa and political risk, investors are highly sensitive to the health of the 77 year-old president.

Cyprus pauses after its frenzy

By Kerin Hope in Athens

Cyprus, raising its share in the fiercely competitive market to about 14 per cent.

The takeover of Zako, a listed chain store, by F.W. Woolworth, the island's largest retailer, took the market by surprise, with shares in both companies jumping when the deal was made public.

Mr Tietmeyer's arrival was eclipsed by the dramatic collapse of the rand, and the swift exodus of an estimated R1bn in foreign investment from the Johannesburg debt market.

The drama marks an end to the extended honeymoon that has sustained the currency since the abolition of the Financial Rand last March and provides a graphic illustration of Dr Stals' oft-repeated warnings about the fickleness of the surging capital inflows.

These have increased fourfold since 1994, the year of the first democratic election, and last year topped R20bn. Last week the rand fell victim to what one banker described as "almost hysterical volatility" in the currency market.

The downward pressure on currencies in the emerging markets of East Asia, generally viewed as rivals to Johannesburg, tends to support the view that the rand's collapse was an attempt by global market makers to exploit disparities in interest rates.

By Friday, however, analysts had begun to dismiss comparisons with Mexico, citing a rally in the gilts market and a drop of 42 basis points in the benchmark R150 12 per cent bond peaked at 14.95 on Wednesday, their highest level since last October.

Analysts cited the improved earnings of the Mexican gold sector in the wake of the 1994 peso devaluation as grounds for bullishness. "The good news is tempered only by the tendency of South African mines to commit to the forward sales market," said one analyst. "It takes a bit of the shine off."

To the relief of Nicosia's overworked stockbrokers, the market took a breather last week. The Cisco all-share index closed at 605 on Thursday, down 3.1 per cent from an all-time high of 621.7 two weeks ago.

Under the government's policy of gradually opening Cyprus to foreign investment, overseas shareholders may now hold up to 30 per cent of listed companies' equity.

The equity market was largely shielded from the fall in bond liquidity and thin trade. The greatest impact was in the debt market, where yields on the benchmark R150 12 per cent bond peaked at 14.95 on Wednesday, their highest level since last October.

Another factor will be the Bank of Japan. Repeated, unsuccessful intervention runs the risk of being ignored by the markets. Indeed, it can be argued that the mood further, actually sowing the mood further. On the other hand, traders will be wary of the Federal Reserve and Bundesbank joining in.

Also important for the dollar will be the plethora of data releases due in the US and Europe. The dollar's rally during the latter part of January was fuelled in part by the view that European growth was slowing sharply, which would push interest rates lower.

German inflation data will provide the backdrop to the Bundesbank council meeting on Thursday, where there is little expectation of a cut in rates. Arguably more important for markets will be the French GDP and unemployment figures.

Weak data will confirm suspicions that growth is slowing, making it less likely that France will meet the Maastricht convergence criteria. If such news casts renewed doubt on the prospects for a single currency, it will probably boost the D-Mark.

The pound will also be in focus today as parliament debates the Scott report. A defeat for the government would be sure to jangle foreign investor nerves. Eyes will also be on the South African rand, which bounced back at the end of last week after earlier falling by 9 per cent in four trading days.

CURRENCY MARKETS

Dollar faces a mixed outlook

Last week was a poor one for the dollar. Four successive days of intervention from the Bank of Japan had a negligible impact.

Much more of this and investors will be forced to reassess the bullish scenario for the dollar, which is still the dominant market view.

The starting point for the dollar this week will be the feedback from the first meeting, held last Friday, between President Clinton and Mr Ryutaro Hashimoto, the Japanese prime minister. Good relations will help the dollar, while ten-

sions are likely to weigh on it. The first quarter Tanzi survey will be closely watched, in case it lends any weight to recent fears that Japanese interest rates might rise sooner than was previously expected.

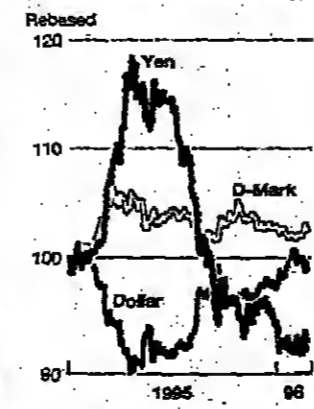
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Philip Gawith

ING Barings Securities Emerging Markets Indices

Table with columns: Index, 23/2/96, Week on week movement, Month on month movement, Year to date movement. Lists various emerging market indices.

Trade-weighted indices

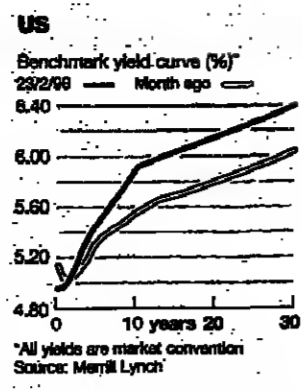


WORLD BOND MARKETS: This Week

NEW YORK

Maggie Ury

The US bond market has passed a miserable week. By Friday's close, the yield on the long bond had risen above 6.4 per cent.



The market took fright on Tuesday, believing him to have said that economic growth for 1996 would be strong enough without a further interest rate cut.

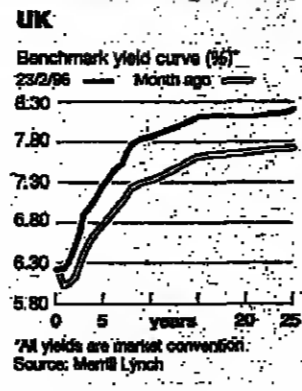
Mr John Lipsky, chief economist at Salomon Brothers, expects economic data due in the next couple of weeks to be critical to the movement in bond prices.

Lipsky expects the data to be benign for the market, opening the way for further rate cuts. Tomorrow will see the PPI for January, which is forecast to have risen by 0.2 per cent.

LONDON

Antonia Sharpe

UK gilts are likely to trade nervously today when parliament debates the Scott report into sales of military equipment to Iraq.



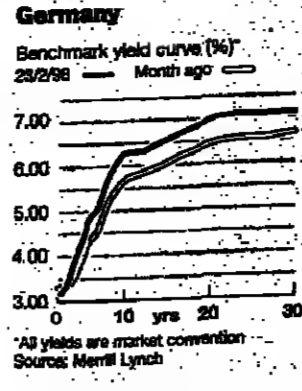
The nervousness should rule out any narrowing in the yield spread between gilts and German government bonds, which at the end of the week stood at about 168 basis points.

There are no important economic data due this week. In any case, data are less likely to influence the market as the political risk grows ahead of the next general election.

FRANKFURT

Andrew Fisher

Bond traders breathed a huge sigh of collective relief when January's M3 figures finally arrived on Friday.

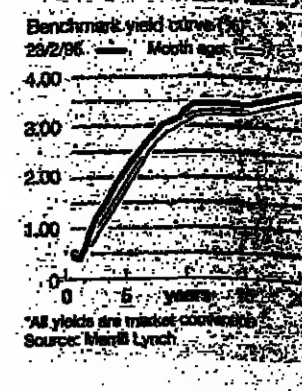


The Bundesbank will now wait and see what February brings. The basic M3 trend remains moderate, with January showing only a 3 per cent rise against the last quarter of 1994.

TOKYO

Emiko Terazono

Long-term rates are expected to see further upward pressure this week due to prospects of an economic recovery.



Participants are also increasingly nervous about comments on interest rates by politicians. Worries have spread following a recent observation by Mr Wataru Kubo, the finance minister.

Japan is expected to try and keep money market rates from rising, but fundraising by banks before the March year-end is likely to remain strong.

Government bonds

Gilts could benefit from a delay to Emu

There are just 24 trading days before European heads of government meet on March 29 to review the Maastricht Treaty at the inter-governmental conference (IGC) in Turin.

"high-yielding" bond markets, which are least likely to join. Many analysts would argue that forward rates are not good predictors, particularly because of mathematical effects stemming from the steepness of the German yield curve.

Table: SPREADS TO GERMANY. Columns: Feb 15 Jan 4, 1996, 1999. Rows: Core, Netherlands, Austria, France, Outer-core, Belgium, Ecu, Ireland, Opt-outs, Denmark, UK, High-yield, Finland, Sweden, Italy, Spain, Portugal.

whichever market is moving the worst," said Mr Simon Briscoe of Nikko Europe. "But the IGC could prove to be a turning point for gilts.

about the impact of the UK general election than about Emu. The last election was fought with the spread of gilts over 10-year bunds at around 200 basis points.

10-year benchmark bond yields

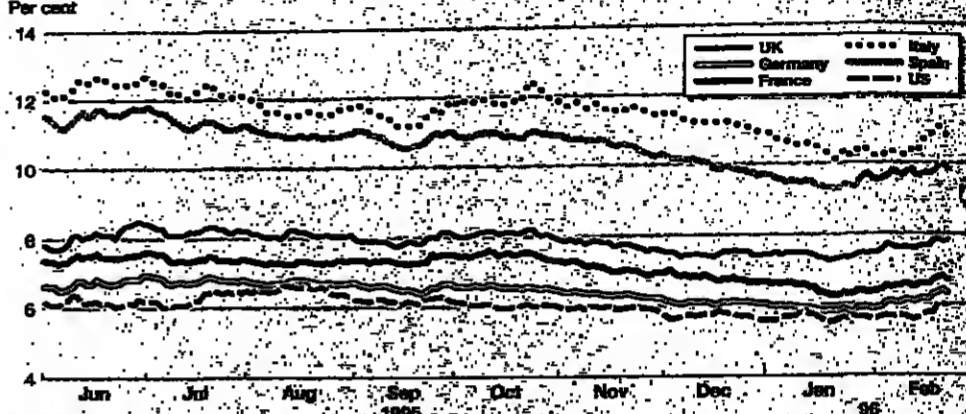


Table: INTEREST RATES AT A GLANCE. Columns: USA, Japan, Germany, France, Italy, UK. Rows: Discount, Overnight, Three month, One year, Five year, Ten year.

Table: US TREASURY BOND FUTURES (1995-96). Columns: Open, Settle, Change, High, Low, Est. Vol., Open Int.

SIEMENS

Notification of Dividend

The Annual Shareholders' Meeting of Siemens AG on February 22, 1996, has resolved to distribute the net income of DM 727,846,067 for the financial year 1994/95.

The following payment will be made against Dividend Coupon No. 40 at the paying agent listed below:

Table: Dividend payment details. Columns: Description, Amount (DM). Rows: Per share of DM 50 par value, less 25% withholding tax, less solidarity surtax, 7.5% of the withholding tax.

In accordance with the U.K./German Double Taxation Treaty of November 26, 1964, as amended in the protocol of March 23, 1970, the German withholding tax together with the solidarity surtax have been reduced to a total of 15% for shareholders resident in the United Kingdom.

In the United Kingdom, payment will be effected through the following bank:

S.G. Warburg & Co. Ltd. Paying Agency, 2 Finsbury Avenue, London EC2M 2PP.

Berlin and Munich, February 22, 1996. Siemens Aktiengesellschaft. The Managing Board.

CS First Boston Group

CS First Boston Finance, B.V.

US\$200,000,000 Guaranteed subordinated floating rate notes August 2003

Guaranteed on a subordinated basis by CS First Boston Group, Inc.

Notice is hereby given that for the interest period 26 February 1996 to 27 August 1996 the notes will carry an interest rate of 5.5% per annum.

Agent: Morgan Guaranty Trust Company

JPMorgan

International bonds

Globals come under renewed scrutiny

The Inter-American Development Bank's maiden global bond, expected this week, has brought the "global" concept under renewed scrutiny.

to raise higher volumes of debt and diversify their investor base, while 24-hour trading would ensure liquidity and tight bid-offer spreads.

some 75 per cent was said to have gone to US investors. Still, most traders agree that shoddy execution, rather than their global status, is responsible for the poor performances of some bonds.

Five-year bonds: having roadshowed only in the US, the issue attracted weak demand elsewhere and soon came in for profit-taking by short-term accounts.

Table: SIGMA SECURITIES S.A. - MEMBER OF THE ATHENS STOCK EXCHANGE. Includes contact info and Athens Stock Exchange Feb 16th - Feb 23rd 1996 data.

ABN-AMRO

ABN AMRO BANK N.V.

US Dollars 150,000,000 Subordinated Floating Rate Notes 1992 due 2002

In accordance with the terms and conditions of the Notes, notice is hereby given that for the interest period from February 26, 1996 to August 28, 1996 the Rate of Interest has been fixed at 5.08203 per cent.

Agent: Morgan Guaranty Trust Company

JPMorgan

THE EUROPEAN WARRANT FUND

Notice is hereby given that an Extraordinary General Meeting of shareholders of The European Warrant Fund will be held at the registered office.

of shareholders of The European Warrant Fund will be held at the registered office, 6, route de Trèves, L-2633 Senningerberg on Wednesday 6 March 1996 at 15:00 hours with the following agenda:

- 1. To hear the report of the liquidator; 2. To appoint an auditor to the liquidation; 3. To fix a date for the final liquidating meeting.

There is no quorum at this meeting and resolutions are passed by a simple majority of the votes cast.

Shareholders who are not able to attend the captioned extraordinary general meeting, are requested to execute a power of attorney and return it to the registered office prior to the date of the meeting.

By order of the Board of Directors February 1996

FLEMINGS

Republic of Austria

US\$450,000,000 Floating rate notes 1997

Notice is hereby given that the notes will bear interest at 5.26953% per annum from 26 February 1996 to 28 May 1996.

Agent: Morgan Guaranty Trust Company

JPMorgan

APPOINTMENTS ADVERTISING

appears in the UK edition every Wednesday & Thursday and in the international edition every Friday.

contact: Toby Finden-Crofts +44 0171 873 3456

NEW INTERNATIONAL BOND ISSUES

Table: NEW INTERNATIONAL BOND ISSUES. Columns: Borrower, Amount, Maturity, Coupon, Price, Yield, Launch, Book name.

Handwritten Arabic text: مكتب الترخيل

هذه امثلة لأخبار

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FINANCIAL TIMES GROUP



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WORLD STOCK MARKETS

EUROPE

Table of European stock market data including indices like EURO STOXX 50 and various regional indices.

Table of European stock market data for Germany (DAX) and France (CAC 40).

Table of European stock market data for Italy (FTSE MIB) and Spain (IBEX 35).

Table of European stock market data for the UK (FTSE 100) and other regional indices.

Table of European stock market data for the Benelux region (BEL 20).

Table of European stock market data for the Nordic region (OMX).

Table of European stock market data for the Baltic region (VIX).

Table of European stock market data for the CEE region (CZSE).

Table of European stock market data for the Balkans region (BVL).

Table of European stock market data for the Eastern Europe region (WSE).

Table of Asian stock market data including indices like Nikkei 225 and Hang Seng.

Table of Asian stock market data for Australia (ASX).

Table of Asian stock market data for New Zealand (NZSE).

Table of Asian stock market data for the Pacific region (PACIFIC).

Table of Asian stock market data for the Middle East region (MEX).

Table of Asian stock market data for the South Africa region (JSE).

Table of Asian stock market data for the Africa region (AFRICA).

Table of Asian stock market data for the Americas region (AMER).

Table of Asian stock market data for the Oceania region (OCE).

Table of Asian stock market data for the Asia Pacific region (APAC).

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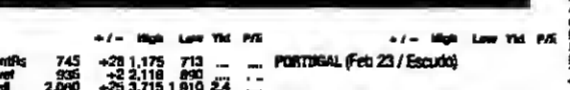
Table of Asian stock market data for the Asia Pacific region (APAC).

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Table of Asian stock market data for the Asia Pacific region (APAC).

To be a world leader in diverse businesses you need the very best scientists and engineers. Rockwell has 17,000 of them



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INDICES

Table of various stock indices including EURO STOXX 50, DAX, CAC 40, FTSE 100, etc.

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US INDICES

Table of US stock indices including Dow Jones, S&P 500, etc.

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AUSTRALIA

Table of Australian stock market data including ASX 200.

Table of Australian stock market data including ASX 200.

SOUTH AFRICA

Table of South African stock market data including JSE 100.

Table of South African stock market data including JSE 100.

Market summary and closing prices for various indices and stocks.

CURRENCIES AND MONEY

POUNDS SPOT FORWARD AGAINST THE POUND. Table with columns for currency, closing mid-point, change on day, etc.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR. Table with columns for currency, closing mid-point, change on day, etc.

WORLD INTEREST RATES. Table with columns for country, rate, etc.

CROSS RATES AND DERIVATIVES. EXCHANGE CROSS RATES. Table with columns for currency, rate, etc.

FT GOLD MINES INDEX. Table with columns for mine name, price, etc.

THREE MONTH EURO DOLLAR. Table with columns for date, rate, etc.

UK INTEREST RATES. Table with columns for instrument, rate, etc.

LONDON RECENT ISSUES: EQUITIES. Table with columns for company, price, etc.

UK GILTS PRICES. Table with columns for instrument, price, etc.

PHILADELPHIA SECS OPTIONS. Table with columns for instrument, price, etc.

BANK OF ENGLAND TREASURY BILL TENDER. Table with columns for instrument, amount, etc.

BASE LENDING RATES. Table with columns for bank, rate, etc.

BANK RETURN. Table with columns for department, return, etc.

Other Fixed Interest. Table with columns for instrument, rate, etc.

STOCK INDICES. Table with columns for index, value, etc.

STOCK INDICES (continued). Table with columns for index, value, etc.

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Handwritten note: 2000

BUSINESSES FOR SALE. Text advertisement for businesses for sale.

CREDIT NATIONAL. Advertisement for Credit National bank.

Pesetas 20,000,000 KINGDOM OF SWEDEN. Advertisement for Swedish government bonds.

Hongkong Bank. Advertisement for Hongkong Bank.

OFFSHORE COMPANIES. Advertisement for offshore companies.

GOLD MINES OF KALGOORLE LIMITED. Advertisement for Kalgoorle Gold Mines.

FUTURES PAGER. Advertisement for futures pager service.

FT MANAGED FUNDS SERVICE

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing Bermuda (SIB Recognised) funds including details like fund name, manager, and performance metrics.

BERMUDA (REGULATED)**

Table listing Bermuda (Regulated) funds including details like fund name, manager, and performance metrics.

GUERNSEY (SIB RECOGNISED)

Table listing Guernsey (SIB Recognised) funds including details like fund name, manager, and performance metrics.

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ISLE OF MAN (SIB RECOGNISED)

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JERSEY (SIB RECOGNISED)

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LUXEMBOURG (SIB RECOGNISED)

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LUXEMBOURG (REGULATED)**

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مركزنا للتصنيف

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Main table containing fund names, codes, and prices. Includes sections for 'OFFSHORE INSURANCES' and 'OTHER OFFSHORE FUNDS'.

Handwritten note in Arabic script: 'هذه هي الخدمة' (This is the service).

MANAGED FUNDS NOTES: Please see the notes on page 10 for details on the fund's investment strategy, risks, and other important information.

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing companies in the Alcoholic Beverages sector, including names like Allied Dunlops, B&W, and others, with columns for share price, dividends, and other financial metrics.

BUILDING MATS. & MERCHANTS - Cont.

Table listing companies in the Building Materials & Merchants sector, including names like B&W, and others, with columns for share price, dividends, and other financial metrics.

ELECTRONIC & ELECTRICAL EQPT - Cont.

Table listing companies in the Electronic & Electrical Equipment sector, including names like B&W, and others, with columns for share price, dividends, and other financial metrics.

EXTRACTIVE INDUSTRIES - Cont.

Table listing companies in the Extractive Industries sector, including names like B&W, and others, with columns for share price, dividends, and other financial metrics.

HOUSEHOLD GOODS - Cont.

Table listing companies in the Household Goods sector, including names like B&W, and others, with columns for share price, dividends, and other financial metrics.

INVESTMENT TRUSTS - Cont.

Table listing investment trusts, including names like B&W, and others, with columns for share price, dividends, and other financial metrics.

BANKS, MERCHANT

Table listing companies in the Banks & Merchant sector, including names like B&W, and others, with columns for share price, dividends, and other financial metrics.

CHEMICALS

Table listing companies in the Chemicals sector, including names like B&W, and others, with columns for share price, dividends, and other financial metrics.

BANKS, RETAIL

Table listing companies in the Banks & Retail sector, including names like B&W, and others, with columns for share price, dividends, and other financial metrics.

DISTRIBUTORS

Table listing companies in the Distributors sector, including names like B&W, and others, with columns for share price, dividends, and other financial metrics.

ENGINEERING

Table listing companies in the Engineering sector, including names like B&W, and others, with columns for share price, dividends, and other financial metrics.

BREWERIES, PUBS & REST

Table listing companies in the Breweries, Pubs & Restaurants sector, including names like B&W, and others, with columns for share price, dividends, and other financial metrics.

DIVERSIFIED INDUSTRIALS

Table listing companies in the Diversified Industrials sector, including names like B&W, and others, with columns for share price, dividends, and other financial metrics.

ENGINEERING

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BUILDING & CONSTRUCTION

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FOOD PRODUCERS

Table listing companies in the Food Producers sector, including names like B&W, and others, with columns for share price, dividends, and other financial metrics.

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GAS DISTRIBUTION

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ELECTRICITY

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ENGINEERING, VEHICLES

Table listing companies in the Engineering & Vehicles sector, including names like B&W, and others, with columns for share price, dividends, and other financial metrics.

HEALTH CARE

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ELECTRONIC & ELECTRICAL EQPT

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INSURANCE

Table listing companies in the Insurance sector, including names like B&W, and others, with columns for share price, dividends, and other financial metrics.

INVESTMENT TRUSTS

Table listing investment trusts, including names like B&W, and others, with columns for share price, dividends, and other financial metrics.

INV TRUSTS SPLIT CAPITAL

Table listing investment trusts with split capital, including names like B&W, and others, with columns for share price, dividends, and other financial metrics.

مکان الکترونیک

Handwritten note in Arabic script: "هذه احدى الاطراف"

Table with columns: Name, Price, % Chg, Div, Exch, Last, Day. Section: INV TRUSTS SPLIT CAPITAL - Cont.

Table with columns: Name, Price, % Chg, Div, Exch, Last, Day. Section: LEISURE & HOTELS - Cont.

Table with columns: Name, Price, % Chg, Div, Exch, Last, Day. Section: OTHER FINANCIAL - Cont.

Table with columns: Name, Price, % Chg, Div, Exch, Last, Day. Section: PROPERTY - Cont.

Table with columns: Name, Price, % Chg, Div, Exch, Last, Day. Section: SUPPORT SERVICES - Cont.

Table with columns: Name, Price, % Chg, Div, Exch, Last, Day. Section: AIM - Cont.

Table with columns: Name, Price, % Chg, Div, Exch, Last, Day. Section: AMERICANS

Table with columns: Name, Price, % Chg, Div, Exch, Last, Day. Section: OTHER INVESTMENT TRUSTS

Table with columns: Name, Price, % Chg, Div, Exch, Last, Day. Section: LIFE ASSURANCE

Table with columns: Name, Price, % Chg, Div, Exch, Last, Day. Section: MEDIA

Table with columns: Name, Price, % Chg, Div, Exch, Last, Day. Section: PAPER, PACKAGING & PRINTING

Table with columns: Name, Price, % Chg, Div, Exch, Last, Day. Section: RETAILERS, FOOD

Table with columns: Name, Price, % Chg, Div, Exch, Last, Day. Section: RETAILERS, GENERAL

Table with columns: Name, Price, % Chg, Div, Exch, Last, Day. Section: CANADIANS

Table with columns: Name, Price, % Chg, Div, Exch, Last, Day. Section: INVESTMENT COMPANIES

Table with columns: Name, Price, % Chg, Div, Exch, Last, Day. Section: OIL EXPLORATION & PRODUCTION

Table with columns: Name, Price, % Chg, Div, Exch, Last, Day. Section: PHARMACEUTICALS

Table with columns: Name, Price, % Chg, Div, Exch, Last, Day. Section: PHARMACEUTICALS - Cont.

Table with columns: Name, Price, % Chg, Div, Exch, Last, Day. Section: RETAILERS, GENERAL - Cont.

Table with columns: Name, Price, % Chg, Div, Exch, Last, Day. Section: TRANSPORT

Table with columns: Name, Price, % Chg, Div, Exch, Last, Day. Section: SOUTH AFRICANS

Table with columns: Name, Price, % Chg, Div, Exch, Last, Day. Section: INVESTMENT COMPANIES

Table with columns: Name, Price, % Chg, Div, Exch, Last, Day. Section: OIL INTEGRATED

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Table with columns: Name, Price, % Chg, Div, Exch, Last, Day. Section: FT Share Service

Interest rates set to rise on 7th March 1996. Advertisement for videoconferencing seminar.

Table with columns: Name, Price, % Chg, Div, Exch, Last, Day. Section: LEISURE & HOTELS

Table with columns: Name, Price, % Chg, Div, Exch, Last, Day. Section: OTHER FINANCIAL

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Table with columns: Name, Price, % Chg, Div, Exch, Last, Day. Section: AIM

FT Share Service, FT Free Annual Reports Service, FT Company Focus, FT Cityline. Informational text about financial services.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table containing stock prices, organized into columns with headers like 'Symbol', 'Price', 'Change', and 'Volume'. Includes sub-sections for 'D', 'E', 'F', 'G', 'H', 'I', 'J', 'K', 'L', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z'.

BE OUR GUEST. JOLLY HOTEL DU GRAND SABLON BRUSSELS. When you stay with us in BRUSSELS stay in touch with your complimentary copy of the FINANCIAL TIMES.

Continued on next page

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for stock name, price, change, and volume.

NASDAQ NATIONAL MARKET

Table of NASDAQ National Market listing various stocks with columns for stock name, price, change, and volume.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for stock name, price, change, and volume.

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FT GUIDE TO THE WEEK

MONDAY 26

MPs debate Scott report

In London, a parliamentary debate on the findings of Sir Richard Scott's inquiry into the arms-to-Iraq affair is set to test the loyalty of Tory backbenchers...

African unity conference

Foreign ministers from countries of the Organisation of African Unity meet in Addis Ababa for their annual conference...

EU foreign ministers meet

The most divisive issue facing EU foreign ministers at the general affairs council meeting in Brussels is the proposed trade pact with South Africa...

Menem visits France



The Argentine president, Carlos Menem, arrives in Paris for a three-day visit - preceded by a shipment to France of two Argentine horses for President Jacques Chirac...

Democracy in Sierra Leone

While rebels in Sierra Leone are chopping off some voters' hands and heads, the west African state is to hold its first presidential election for 10 years...



On Thursday, US forces leave Haiti - but President Bill Clinton will be looking out for Cuba after it shot down two unarmed planes

for accession to Nafta. Other members fear this will harm the community's integrity. Caricom claims that in becoming more competitive since joining Nafta, Mexico is taking Caribbean market share in Canada and the US.

US forces out of Haiti

The last US members of a UN force in Haiti leave, 18 months after the US intervened to reinstate the exiled president, Jean-Bertrand Aristide...

UK-Argentine oil advance

Argentine and British delegations meet in Buenos Aires for two days of meetings over the Falkland Islands. They are expected to establish formally a joint commission for oil exploration...

NTT break-up proposal

A government advisory panel is expected to approve plans to split Nippon Telegraph and Telephone, Japan's telecommunications monopoly...

FRIDAY 1

EU-Asia summit opens

Government leaders of the 15 nations of the European Union and 10 Asia countries meet in Bangkok for two days of talks on trade, security and how to increase Europe's presence in Asia...

Mastering Management

The FT's 20-part series continues in the UK edition with part 17. Non-UK readers can take out a subscription...

FT Survey

The Repo Market.

Public holidays

Korea, Paraguay, Uruguay.

Public holidays

Cyprus, Greece, Kuwait.

Public holidays

Cyprus, Greece, Kuwait.

TUESDAY 27

Chun Doo-hwan on trial

South Korea's former president, Chun Doo-hwan, is to go on trial for corruption. He is accused of accepting as much as Won950bn (£790m) in corporate bribes...

Take That

Robbie Williams, who broke teenage hearts by leaving the UK pop group Take That, appears in court on the first day of his case against RCA...

Berlin film festival prizes

The 1996 Berlin Film Festival presents its prizes. Hollywood favourites for the Best Film Golden Bear include Terry Gilliam's time-travel fantasy Twelve Monkeys...

Cricket

World Cup: Pakistan v Netherlands, Lahore, Pakistan; and Zimbabwe v Kenya, Patna, India.

Dole faces tough primaries

Three of this week's four US Republican primaries take place in Arizona, North and South Dakota - with that in South Carolina on Saturday. Bob Dole, who is badly in need of winning, faces tough competition...

War crimes hearing

The UN criminal tribunal for former Yugoslavia holds a public hearing in The Hague against Milan Martić, a rebel Croatian Serb leader accused of ordering a cluster-bomb attack on Zagreb...

Christopher in Latin America

The US secretary of state, Warren Christopher, arrives in Chile from El Salvador as part of a tour of Latin America and the Caribbean...

Public holidays

Dominican Republic.

WEDNESDAY 28

Public holidays

Dominican Republic.

THURSDAY 29

Palme murder mystery

A sombre Sweden will mark the 10th anniversary of the murder of Olof Palme, the former prime minister. The police are not closer to solving the mystery...

FT Survey

FT Exporter.

Summit of Caribbean leaders

The impact of the North American Free Trade Agreement on the economies of the Caribbean will be discussed by the prime ministers and presidents of the 14-nation Caribbean Community...

Other economic news

Monday: German cost of living data this week are expected to show that inflationary pressures remained subdued...

Tuesday: Economists expect a batch of US data to show that US retail sales fell last month...

Wednesday: French gross domestic product is forecast to have contracted in the fourth quarter of last year...

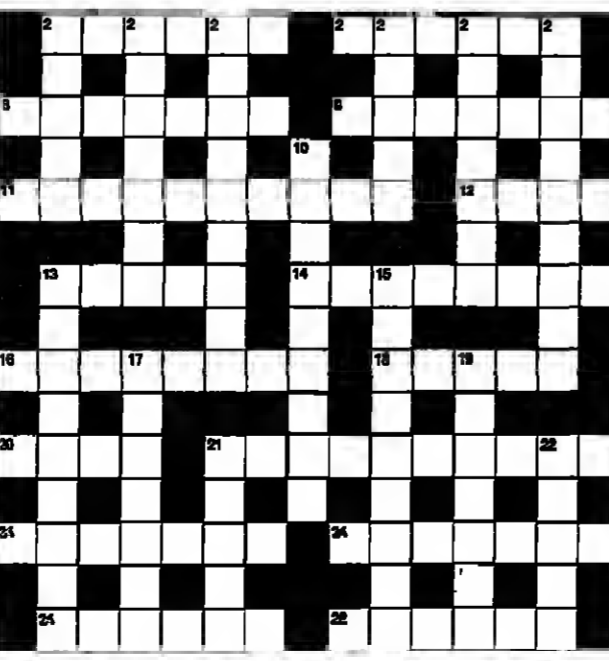
Thursday: The French unemployment rate is expected to have remained stable...

Friday: Italian gross domestic product is thought to have contracted in the fourth quarter of last year.

Table with columns: Day Released, Country, Economic Statistic, Median Forecast, Previous Actual. Includes statistics for Japan, France, US, Germany, Italy, UK, and Japan for various indicators.

- ACROSS 1 Putting a couple of grand in his dish... (6) 4 ... said what ruler did was wot (6) 8 Therefore luncheon voucher taken by Abraham is free (7) 9 In schools it's taught a broken leg needs support (7) 11 Travellers can start eating in moving trains (10) 12 Title of ballad Neil Penny included (4) 13 Which guides the local timber supplier (6) 14 Grating in an Indian sink is half missing (6) 15 Drink freely if left on a merry-go-round (8) 18 Chastia maiden originally spoken to (6) 20 Revise part of deed I typed (4) 21 Lady Swan gets rise son arranged for senior citizens (10) 23 Judge taking part in rare broadcast (7) 24 Is next to enter during the commercials (7) 25 Elegant groom said why (6) 26 Hint about leading Norwegian's dazed state (6)

- DOWN 1 Weakness of one in swimming bath (5) 2 George, confuses to being an adult (5-7) 3 Where doctor never sins (8) 6 Book eventually finished early (5) 6 No end of unwanted leaves (7) 7 Challenged wickedness of reckless person (9) 10 Calling for gen's leader to go sick (9) 13 Soldiers surrounded by dead men shivered and wandered around (8) 15 The rest stay up, lunking embarrassed (9) 17 Abroad, Nail managed to sketch (7) 19 Telephoned job centre on arriving at capital (7) 21 Present sent off on vessel of iron (5) 22 Limits shooting practice here (5)



MONDAY PRIZE CROSSWORD No.9,003 Set by GRIFFIN. A prize of a Pelikan New Classic 350 fountain pen for the first correct solution...

SATURDAY 2

Elections in Australia

Australians go the polls to elect a new federal parliament. The Labor party has been in power for 13 years and there are signs that voters seek a change...

Forestry conference

The World Commission on Forestry and Sustainable Development, which was set up after the Earth Summit in Brazil, will hold public hearings in Jakarta, Indonesia, involving 200 participants...

Rugby union

Five nations' championship: Ireland v Wales, Dublin; and Scotland v England, Edinburgh.

Public holidays

Ethiopia, Georgia, Libya, Myanmar.

SUNDAY 3

Aznar poised in Spain

General elections take place in Spain which are expected to bring the centre-right Popular Party to power, ending 13 years of socialist governments...

Ballot in Benin

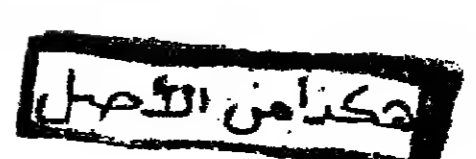
Benin's old guard takes on a former World Bank official in its presidential election. Mathieu Kérékou, the Marxist who led the tiny west African state for 18 years until 1991...

Compiled by Simon Strong. Fax: (+44) (0)171 873 3194.

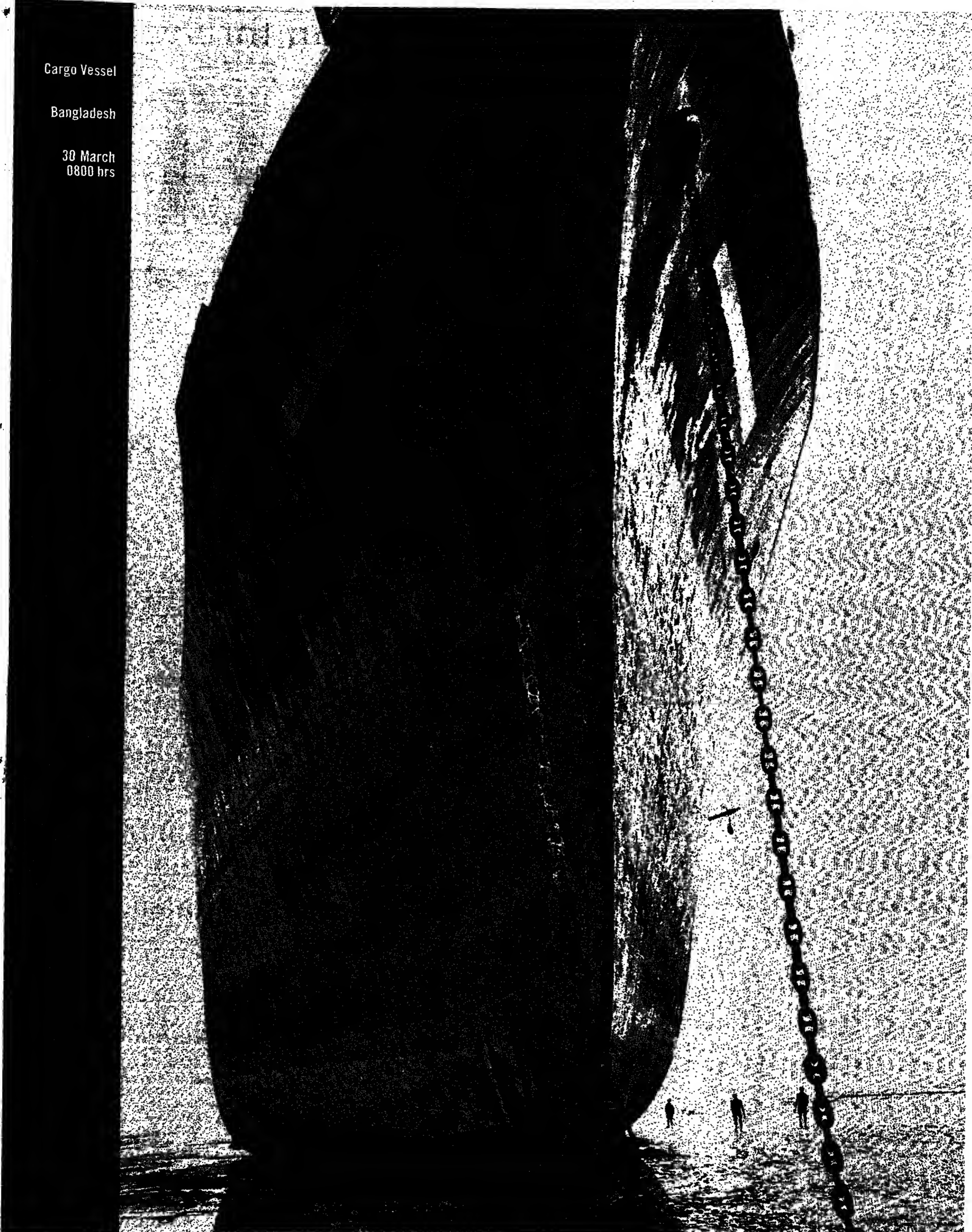
INTERNATIONAL MOSCOW BANK Moscow. US\$ 40,000,000 CREDIT LINE for financing medium and long-term investment projects. PROVIDED BY European Bank for Reconstruction and Development.

Mecklenbergh Investment and Finance Company Limited. US\$15,000,000 Series 1 Secured floating rate bonds 2004. BNP

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Bangladesh

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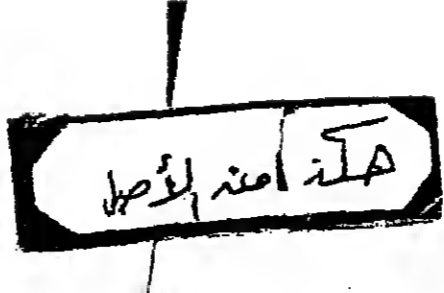
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Bella Bradshaw talks to Kellogg's dean, Donald Jacobs, about his past successes and new alliances

With one eye on the future

At 68 years old most people would have retirement in their sights. Not so Donald Jacobs, dean of the Kellogg school of management at Northwestern University, just outside Chicago. For him it's still business as usual.



Donald Jacobs, America's 'dean of deans', is hoping to be in the classroom next year teaching European executives

"It's very hard to leave a job you enjoy so much," smiles America's "dean of deans", a title he has earned over 20 years in the job. During that time he has transformed Kellogg from a run-of-the-mill business school into one of America's finest. He was one of the first deans to introduce a dedicated residential centre for executive courses and fostered the idea of team working at a time when business study was largely seen as a solitary activity.

He is the longest-serving dean "by a long shot" of any of the leading American business schools. "They forget to fire me and I forget to go," he jokes. At a time when the tenure of many US deans is on the wane, Jacobs is relaxed about his position. Most of his peers, he says, are under tremendous pressure from their governments and advisers if the schools do not perform well in the business school rankings. Consistently appearing at the top of the lists - Kellogg was ranked number two by BusinessWeek in its 1994 survey - is one of the list of two years ago - Jacobs claims to have only one problem - "having 6,000 more applicants than I need for

the 400 places on my MBA course". A tea-drinking vegetarian who swims every day, Jacobs is now geared up for his latest venture - an MBA course for experienced executives in Europe, to be run as a joint venture with IAE (Institut d'Administration des Entreprises) in Aix-en-Provence, France. The two-year course is aimed at executives with at least 10 years' experience and each year they will study for three weeks in Aix-en-Provence and one week at the Kellogg campus at Evanston, Illinois, where European students will mix with their US counterparts. There will also be weekend study in Brussels, looking at European issues such as lobbying. The course will be in English with 50 per cent of the course run by Kellogg staff, 50 per cent by IAE staff.

Each applicant will be interviewed and 20 to 30 accepted for the first course in January 1997 - there will be 60 on subsequent courses. "They will be from many different backgrounds and industries," says Olivier Tabatoni, associate dean of IAE. Tabatoni and Jacobs believe the Kellogg-Aix executive MBA programme could not have happened 10

years ago because faculty did not have the appropriate attitude to globalisation nor experience in teaching executives. "Now we have a faculty that knows how to work with executives. We do it all year round," says Jacobs. At any one time Kellogg has more than 400 students studying weekend courses and all Kellogg's executive education courses are sold out for the whole of 1996 and 1997. Jacobs hopes that he will be one of the instructors on the Kellogg-Aix executive MBA, lecturing in corporate governance - if his teaching is deemed up to scratch. Both Kellogg and IAE operate a system of student assessment of faculty teaching skills, a system Jacobs introduced at Kellogg to encourage his research-orientated staff to improve their teaching skills. Academics, he points out, can be particularly competitive. He acknowledges that student comments are important to him, too. This term he is teaching two courses at Kellogg - half the workload required from the full-time teaching staff. The first is in corporate governance, the second a group-based project on the European single currency. Students are split into a number of groups with two groups representing each European country. Each group then prepares a presentation saying why the single currency would be good or bad for their country. "I think I'm going to get a good grade on this one," he reports.

Application beats aura

Della Bradshaw investigates the qualities of a successful dean

With business school bosses under increasing pressure from students and corporations alike, what is it that makes a successful dean?

The answer, according to research conducted by the Lancaster University Management School, is twofold: the best deans are those who listen to their faculty and students; and they are those who work hard.

"The most successful are those that have a close understanding of their own school," says Allan Bolton, school administrator at Lancaster. "They are those who said they spent the first six months of a year after their appointment listening to their faculty and students."

Many outside appointments are "shooting stars" who are keen to impress the business world but are frequently out of touch with their own faculty, he says. The other ingredient is simply hard work. These deans who achieve most in the fundraising stakes, for example, but their success comes down to application rather than charisma. The Lancaster research, to be published shortly, is based on interviews with 17 business school deans, 10 in the US and seven in Europe. The schools selected were an above average set of accredited institutions, including the University of Chicago, IMD, the London Business School and Kellogg. Schools on both sides of the Atlantic had similar attitudes to the organisation but they differed in response to their students, and in particular alumni, according to the research. "In the UK we still think of alumni as the people who left last year," says Bolton. In the US alumni are feted as a future source of revenue and business contacts for the school. Bolton concludes that the real headache for deans on both sides of the Atlantic is how to implement their vision in an academic world where inaction is endemic. "The deans all wanted to be champions of change and that is never a very comfortable role to perform in academic circles."

CONFERENCES & EXHIBITIONS

- MARCH 6-7**
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Seminars designed to bring packaging machinery specialists up to date on the state of the art to a range of specific types of equipment. Seminars cover different design approaches and ways in which various machine types can be used to their fullest. Contact: Jay M. Jones, GKN Machinery Division, PO Box 400, Northampton, MA 01060, USA. Tel: 011 417 550-3000
- MARCH 7**
Identifying Controlling Risk
This course is designed to provide your business staff with the essential understanding of the risk inherent in the processes required to support trading business, specialist in any business support role must have full knowledge of the complexities and the impact of their performance on the business. Contact: Nigel Blackman, Tel: 0171 606 0080
- MARCH 7 & 8**
Inter-Related Swaps
This course is designed for graduates and trainees moving into derivatives. Contact: Nigel Blackman, Tel: 0171 606 0080
- MARCH 7-8**
Training Development
This course is designed for graduates and trainees moving into derivatives. Contact: Nigel Blackman, Tel: 0171 606 0080
- MARCH 8**
UK Housing Finance - Policy, Lenders & The Market
This seminar covers the current state of the housing finance market. Contact: Nigel Blackman, Tel: 0171 606 0080
- MARCH 13-14**
Kagan's Cable/Telephony Competition and Finance
This seminar covers the current state of the cable and telephony markets. Contact: Nigel Blackman, Tel: 0171 606 0080
- MARCH 14**
Successful Turnaround Strategies
A unique seminar for non-executive directors, venture capitalists and institutional investors. Contact: Nigel Blackman, Tel: 0171 606 0080
- MARCH 18**
The Foreign Exchange Market: Surviving the Revolution
Major international conference focusing on the FX market in the next five years. Contact: Nigel Blackman, Tel: 0171 606 0080
- MARCH 21-22**
Investment Climate in Eastern Europe and FSU
This seminar covers the current state of investment in Eastern Europe and FSU. Contact: Nigel Blackman, Tel: 0171 606 0080
- MARCH 23 & 27**
Leveraging Knowledge for Sustainable Advantage
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- MARCH 25-27**
Lateral Thinking and Serious Creativity for Management
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- APRIL 15-17**
Introduction to Derivatives
This seminar covers the fundamentals of derivatives. Contact: Nigel Blackman, Tel: 0171 606 0080
- APRIL 22-23**
Natural Gas: The Commercial & Political Challenges
This seminar covers the commercial and political challenges of natural gas. Contact: Nigel Blackman, Tel: 0171 606 0080

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FT Surveys

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SPORT / ARCHITECTURE

The Big Red Steamroller

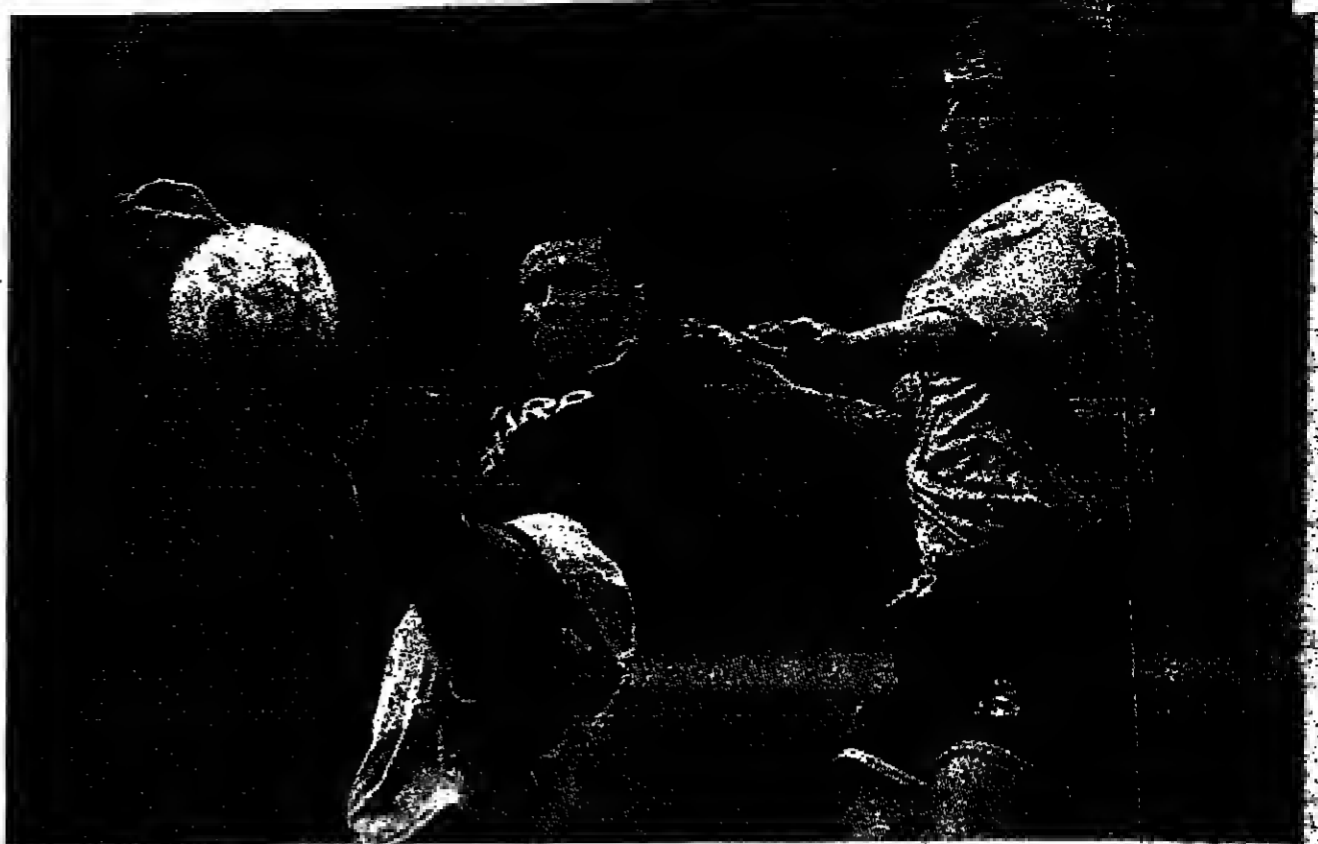
Keith Wheatley describes Manchester United's brand power



Predicting great things for Manchester United is scarcely a high-risk option for a sportswriter. Favourites to win the FA Cup, slip-streaming behind Newcastle in the English Premiership division and with a near-certain place in next season's expanded European Cup, it looks like business as usual for the Big Red Steamroller.

big numbers. It wants very much to be an important player in English soccer. "We considered three options," says Martin Edwards, chairman of United. "One was a major multi-brand sports goods manufacturer. We also considered doing the operation ourselves and we looked at Umbro, who are football specialists. They have also proved to us over the last four years that they are the most effective sports brand in the football marketplace."

every piece of Old Trafford minutiae, from player profiles to manager Alex Ferguson's thoughts for the day, to be published in almost every conceivable way. "The agreement with VCI will enable the high quality of Manchester United videos, books and magazines to be maintained and will also enable United to benefit from developing formats such as video disc and CD-Rom," says Martin Edwards.



Freeze frame: Ryan Giggs (left) on video disc could be with us before the 1996-97 season.

circa 1971 Manchester nightclub with George Best? "One can certainly conceive of a Manchester United theme park," agrees Nigel Hicks. Warning to the idea, he went on to suggest a Manchester United hotel, behind the new North Stand, with direct links to the executive boxes and hospitality areas.

stand is a good deal of empty land, now owned by the club and earmarked for no specific purpose. These ideas may seem fanciful. Yet only five years ago the idea of the stock market valuing a football club at £150m or more would have seemed outlandish.

sion company, where the soap opera Coronation Street has been transformed into a visitor attraction, more profitable than making programmes. Having digested Fortis and turned itself into one of the world's leading hoteliers, anything seems possible for an enterprising conglomerate like Granada.

I see a nightmare coming. On a brief visit to Atlanta, Georgia, I experienced the complexities of the preparations for the centennial Olympic Games. The sense of foreboding is almost palpable: people in Atlanta are talking about life before and after the Olympics as though they were about to be hit by a hurricane.

Atlanta, anonymity and America's airports

Giant magnolia trees and greenery may transform the blandest arrivals hall, writes Colin Amery

Complete dependence on the car has caused a 40 per cent growth in Atlanta's traffic in one year. The department of transportation estimates that Atlanta experiences in a single year the kind of car growth that most cities experience in 10. The consequences are obvious: highway construction feeds the growth, 16-lane highways are turned into 22 lanes, multi-storey car parks surround new buildings and the average family has three cars.

starts at the airport. There seems no architectural solution to the scale and anonymity of the ubiquitous international airport. In Atlanta the airport is so vast that a small train transports passengers from concourse to concourse while another transports their luggage - often in the opposite direction. You are dependent on the disembodied automated voice and the sign system. You haven't arrived anywhere recognisable - you are literally moved from A to B to C.

or cold when you emerge from the controlled world of the airport into the chaos of the surrounding roads. Your visual experience of the airport is limited: it is neither conditioned nor inspired by architecture but by signs and symbols. That little drawing of a suitcase gets you to the baggage claim. That figure with his legs apart and the one in the stiff skirt gets you to the lavatory. The flickering lines on the TV monitors lure you towards the right flight.

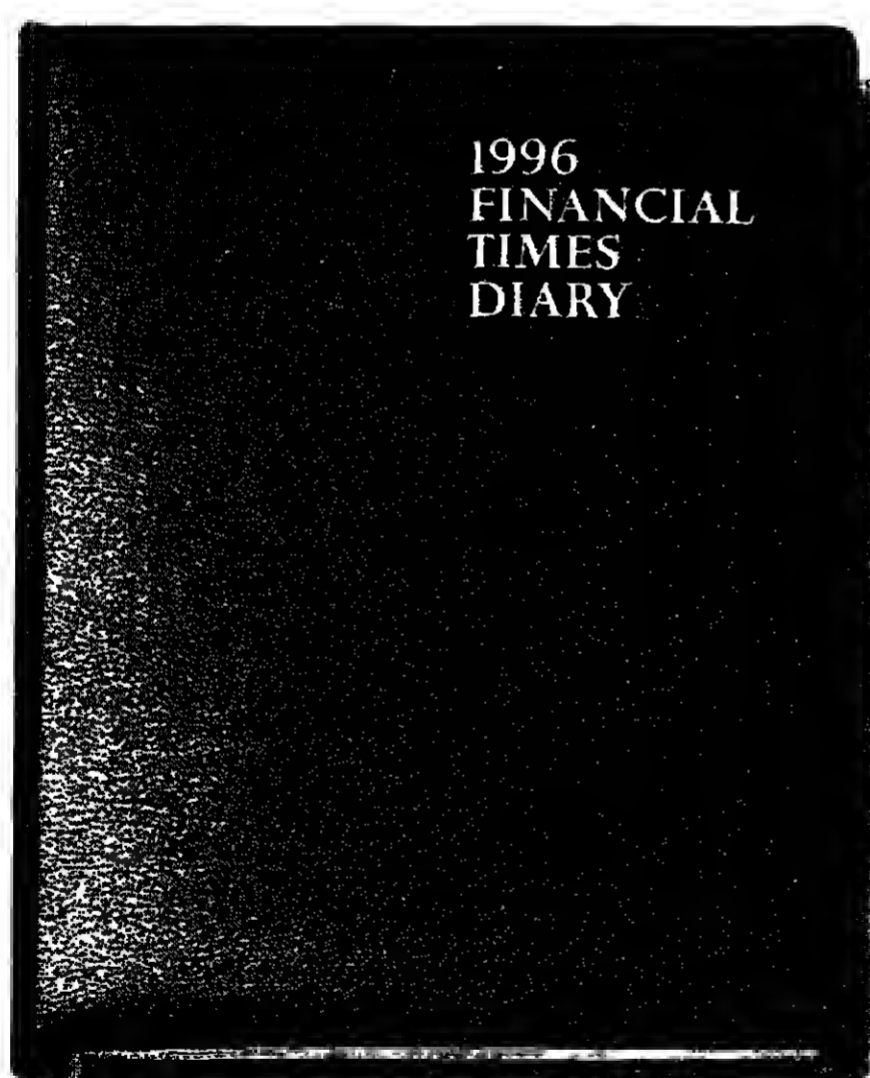
cargo beyond the spot they want to reach. I have just been through 10 airports in as many days. Most of the American ones are an anonymous blur. What impresses is their scale and the length of the walk from aircraft to luggage. Only two stay in the mind. First, the Charlotte/Douglas international airport, which has begun to solve the problem of anonymity by the appointment of an airport horticulturalist.

Benjamins, that small-leaved fig tree universally loved for its virtual indestructibility. Instead, Joy has tried inside and around the airport buildings to introduce the greenery and colour of the Carolinas by planting on a massive scale. Her work is highly successful and is comparatively inexpensive as a way of greening the airport. It also brings the indigenous into the world of the anonymous - something airports in smaller and poorer countries do, perhaps by default.

wrought ironwork and waving palms give the traveller a sense of arrival. How much more preferable it is to arrive at Washington DC's Union station than to hang around in the giant shed that passes for the arrivals hall of Washington's National airport. At this airport for the capital of the world's most powerful country, you stand under contemporary "mobiles", which resemble white sheets drying.

subverted to commerce, the vaulted hall with its imperial statues remains in all its splendour. Arrival by train brings you into the city, arrival by air brings you into an unplanned limbo devoted only to ceaseless movement. Our forms of transport, personal and public, owe much to the framework of our lives. In a city like Atlanta the formlessness and lack of landmarks and of any real sense of place is depressing and challenging. Yet landscape architects can help save our cities by greening them.

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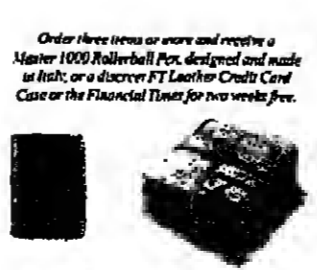
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THE WEEK AHEAD

DIVIDEND & INTEREST PAYMENTS

Table with columns for dates (TODAY, WEDNESDAY FEBRUARY 28, THURSDAY FEBRUARY 29, FRIDAY MARCH 1, SUNDAY MARCH 4) and lists of companies with their respective dividend and interest payment details.

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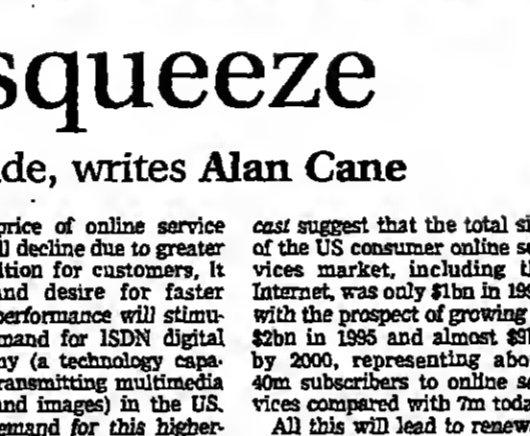
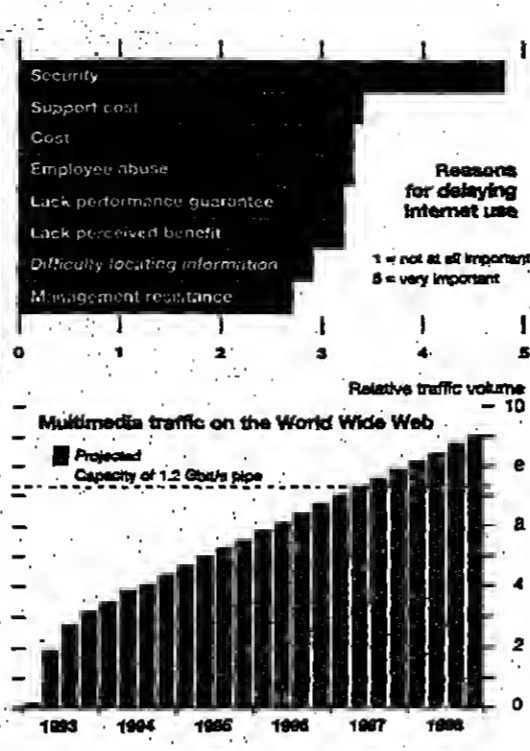
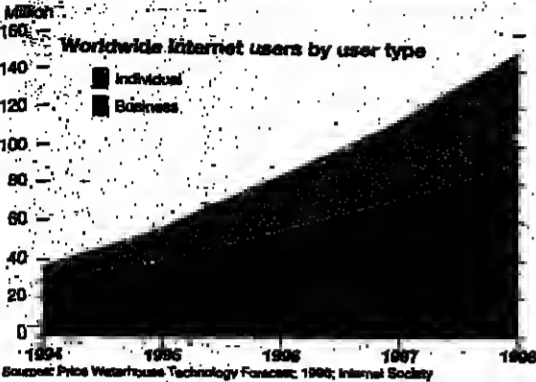
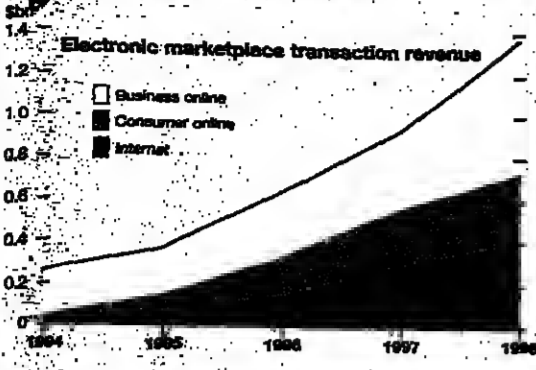
UK COMPANIES

Table listing various UK companies and their scheduled board meetings, including dates and times.

مكتبات الأصيل

MEDIA FUTURES

Commerce on the Net



Net's rivals feel the squeeze

A quiet revolution is transforming global electronic trade, writes Alan Cane

The value added networks (Vans) such as GEIS and Advantis that have made possible and sustained the world's electronic commerce during the past decade are already at risk from the Internet, according to an industry forecast.

document interchange - everything from the request for bid to the shipment notice to the payment will be carried out electronically, eliminating the need for paper and reducing costs.

It would be, according to the respondents to a survey, "just plain foolish" to provide credit information online.

The price of online service will decline due to greater competition for customers, it says, and desire for faster online performance will stimulate demand for ISDN digital telephony (a technology capable of transmitting multimedia sound and images) in the US.

cast suggest that the total size of the US consumer online services market, including the Internet, was only \$1bn in 1994, with the prospect of growing to \$2bn in 1995 and almost \$3bn by 2000, representing about 40m subscribers to online services compared with 7m today.

Pioneering skein of fibre optics to span Denmark

By Alan Cane

Denmark claims to be one of the world's first countries to establish a national information superhighway. Tele Danmark, the country's largest telecoms operator, will this week present a nationwide optical fibre network 5,000 kilometres in length, using the advanced transmission technology called asynchronous transfer mode (ATM).

requirements for high transmission capacity and which would find the cost of a fixed high-capacity line onerous.

of view, 60 per cent of all domestic and international data traffic can now use the ATM standard. Within a couple of years we expect to have full and compatible connections to Germany and the UK.

telecoms users, savings of 20 per cent or more a year are possible. It gives the example of a company headquartered in Copenhagen with subsidiaries in, say, Aalborg, Vejle and Odense. Most of the time, it needs only 4m bits a second capacity. Every so often, however, it needs 32m bits a second capacity to all locations.

US editors hold the home page

By Steve McGookin

Newspaper publishers are increasing their efforts to capitalise on the growth in the market for online services by developing more sophisticated interactive products.

Chris Jennewein, of US newspaper chain Knight-Ridder, said his company was committed to putting all its daily papers online by 1997.

Another consideration was the hope of extra revenue, primarily from advertising.

Colin Phillips, co-publisher of Editor & Publisher, said that 1995 was already seeing the first ad budgets set aside for new-media advertising.

DIY Web pages take toll in man hours

Tim Jackson wrestles with Navigator Gold



The inventor of the World Wide Web, Tim Berners-Lee, made an interesting observation recently during an interview with America's national public radio. Asked what he thought of the commercial monster his creation had become, Berners-Lee said mildly that it disappointed him in only one respect. The Web was proving less popular than he had hoped as a medium for individuals to publish information.

Netscape has persuaded some big Net service providers in the US to offer easy ways for customers to get their Web pages up.

instructions given on Netscape's home page conflicted with those of Concentric, the service provider. It required three conversations with a Concentric technical support person to establish that the only way to upload the files was a mixture of both approaches.

Financial tables with columns for various metrics like 'Price for security...', 'Price for electricity...', and 'Price for...'. Includes sub-headers like 'Price for security...', 'Price for electricity...', and 'Price for...'. The tables contain numerical data for various categories and time periods.

A collection of financial advertisements including: 'The FT GUIDE TO WORLD CURRENCIES', 'FAST 64 KBIT SATELLITE TECHNOLOGY', 'FUTURES & OPTIONS TRADING', 'BERKELEY FUTURES LIMITED', 'FUTURES AND OPTIONS TRADING', 'NEW 24-HOUR FOREX DESK', 'Market-Eye', 'WANT TO KNOW A SECRET?', '24HR FOREX', 'TREND ANALYSIS LTD', 'PHILIP ALFANDELL', and 'CITY INDEX'.

Advertisements for 'The Top Opportunities Section' and 'Les Echos'. The 'Top Opportunities' ad is for senior management positions, and 'Les Echos' is a French business newspaper.

BUSINESS TRAVEL

Lost in the weekend wasteland

There can be few frequent travellers who have not at some time been caught in the weekend washing wasteland. It is a familiar predicament, particularly for anyone who takes a long-haul trip after a long, hard Friday at the office, having hastily thrown some dirty laundry into a suitcase first thing that morning.

The traveller has a conference to attend on the Sunday morning or a meeting on Monday, so on arrival at the hotel on Saturday afternoon, the first question is what time he or she can have their laundry cleaned and returned.

Almost always, the answer is that the dirty washing will not even be collected until Monday morning - and returned later that evening. If it is a public holiday weekend, the laundry could be returned as late as Tuesday evening.

The traveller now faces a dilemma: attend the appointment in a crumpled and slightly aromatic state, or spend the weekend soaking shirts in the bath and drip-drying them on the line above it.

The traveller is then obliged to comb the hotel in search of an inferior iron that obstinately refuses, even on its hottest setting, to remove creases but happily distributes scorch marks in conspicuous places.

An arbitrary survey of hotel

Amon Cohen has trouble getting his laundry done at hotels

laundry services suggests that most hotels are in the weekend wasteland. The exceptions are the trophy hotels, such as London's Savoy, which not only offer a seven-day service but have valets who can take a limited amount of washing and launder it in a few hours.

"There are a few other hotels, such as Inter-Continental and the Hilton London on Park Lane, which have a valet service, but you need to know which they are," says Mike Gates, director of central services at travel agency Hoeg Robinson. "It is important to have a good travel agent who can give you this sort of information, because it is difficult to be sure which offer them and which do not."

It is also sometimes the case that a good four-star or even three-star hotel will wash a shirt in an emergency. Holiday Inn says it could do so if necessary.

But perhaps business travellers should have the right to expect a more comprehensive laundry service, especially when they pay such high prices. As Andrew Sojum, travel manager of Innarsat, the global telecommunications group, puts it: "Getting a pair of socks laundered can cost

more than you pay for the socks in the first place."

One group attempting to rectify matters is MT Sheraton, which found that inadequacies in its laundry service were frequently mentioned in guest response surveys. It recently improved its laundry service at six of its European airport properties (two at London Heathrow, plus Luxembourg, Frankfurt, Brussels and a new hotel at Paris Charles de Gaulle).

In addition to the usual same-day service (laundry submitted first thing in the morning is returned that evening), these hotels now offer "express" and "overnight express" options.

With the former, laundry submitted between 7am and 6pm is returned within four hours. "Overnight express" guarantees that laundry taken between 6pm and 10pm will be returned by 7am next morning, or later if requested.

That is the good news. The bad news is that rapid turnaround has to be paid for. Whereas Sheraton charges a standard £4.50 to wash and press a man's shirt, its fee for express service is £6.30 per shirt, and a remarkable £8.30 for overnight express.

Other innovations at Sheraton's airport hotels include

reduced rates for three- and seven-hour stopovers, and provision of a rascally named free "transit survival kit" which includes toothbrush, T-shirt, face cream, slippers and other toiletries.

In addition, Sheraton is introducing what it calls "body



clock cuisine", a selection of menus which it claims are designed to help guests adjust to new time zones and combat flight fatigue. In essence, this means the hotels will provide breakfast, lunch or dinner at any time between 8am and 10pm daily.

If the programme is a suc-

cess, the laundry service in particular could be extended to other properties.

Meantime, Andrew Sojum, who is also vice-chairman of the London branch of the Institute of Travel Management, advocates another solution. Although he would like to see hotels offering a speedier service, he recognises that many hotels may find this not economically viable.

But he has just returned from a lengthy tour of the southern hemisphere. In Australia and New Zealand he found that a growing number of hotels have installed self-service laundrettes for guests.

"Quite frankly, I would rather go and wash my own knickers than have someone else do it. I don't like 1,000 other people washing my underwear," he says.

For those happy to have strangers handling their smalls, perhaps hotels could have one person staffing the laundrette to provide service washes.

With the emergence of in-hotel laundrettes and valets, there is thus a slight chance that weekend corporate travellers will be able to go about their business looking and smelling clean. For the rest, it looks as though carrying a packet of Travel Wash and a portable iron remains the best solution.

Conference organisers on the cyberhunt

Wandering around hotel function rooms with a click of the computer mouse may take some getting used to, but for busy conference organisers it could be the way of the future.

At an exhibition in London this week, Hilton International will step up the battle to attract business meetings by launching a CD-Rom directory which not only carries full descriptions and colour photographs of 163 hotels in 50 countries, but shows exactly where to plug in the projector. There are video clips of almost half these hotels.

Hilton believes its CD-Rom is the first seen in the cut-throat world of conference hosting. Andrew McCulloch, head of research and development, says that to package this much information in a space-saving form that can be constantly updated, "transforming what we can offer the customer".

If customers call up the downtown Vienna Hilton from an alphabetical list, for example, users may click to one of a series of maps showing its location, then zoom in to a detailed street plan.

They will find that the Vienna Hilton is only a short step from the stock exchange, and - should they suffer an excess of that frequently unhelpful new wine known as *heurige* - the hospital. Conference organisers might be drawn to the Metropole room, where they will find details of its capacity and a map showing power, phone, light switches, even chamberlains.

For the geographically illiterate, there is a world map showing cities with Hiltons which organisers may arrow in on. Using this during a test search proved a little quicker than travelling by Concorde, but perhaps rather slower than digging out the atlas.

All this information - floor plans, for example, and data on facilities such as fitness centres and distance from the airport - can be printed out. Hilton's CD-Rom will be available free from March 11.

Roger Bray

Confex, an exhibition for conference planners, is at London's Earl's Court, February 27-28.

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Hong Kong shivers

A winter snap in Hong Kong has killed at least 21 people, prompting the government to distribute blankets and set up emergency shelters. The colony is experiencing its coldest weather in 46 years. Normally hot and humid, Hong Kong shivered all last week in near-freezing temperatures, dampening the lunar new year holiday, and frost dusted the hillsides.

The British colonial government sent out blankets to street sleepers and elderly people living alone, and said it had established 17 shelters for people seeking refuge from the cold.

Strike called off

Finland's air traffic controllers' union has called off a strike planned to start this week, after accepting the state mediator's compromise on pay increases, union officials said.

The union was one of the few labour groups that insisted on an agreement separate to last November's central wage accord.

Earthquake warning

Indonesia must prepare for the possibility of more earthquakes and a possible eruption of the Krakatau volcano, an Indonesian minister warned. The death toll from the recent tremor in the Irian Jaya region had risen to 102, an official said. "We must prepare... because according to the experts Mt Krakatau may erupt at any time, although we cannot predict exactly when," he added. Mt Krakatau, located between Indonesia's Java and Sumatra islands, exploded in 1883, triggering tidal waves that killed more than 36,000 people.

Qantas route confirmed

Confirmation of a draft ruling giving Qantas, the Australian airline, rights to two more Boeing 767-300 services a week to Indonesia has been announced. Qantas has indicated these services will operate from Brisbane or Melbourne.

● Australia's government

last week issued an unprecedented warning to Australians about security in London following two recent IRA bomb blasts that killed three people. Australians travelling to London, or living there, were advised to "maintain a high level of personal security awareness". It was the first time Australia had issued a travel advisory about London, said the foreign ministry.

Road safety fears

There was some bad news recently for business travellers (and others) who race around the roads of Europe.

Europeans, especially Italians, have a reputation for driving like maniacs - and a new road safety report confirms it. After two decades of decline, motoring accidents climbed 3 per cent in 1994 in western Europe, and more than 7 per cent in central and eastern Europe, the European Conference of ministers of transport said. Their study did not specifically examine the role of speed and recklessness in causing crashes, but ministers expressed worry that deaths rose where they should not have - in places like Austria, the Netherlands and Switzerland, where roads are good and well-maintained.

"The progress achieved in safety over the years is precarious," the Paris-based group's report warned. "The road casualty toll still appears much too high in human as well as in economic and social terms." Although car crashes rose by 3.2 per cent in western Europe in 1994, the most recent year for which figures were available, deaths dropped by 4 per cent to 51,700, the lowest fatality count since 1970.

A few western European countries improved their safety records. Crashes dropped 6.7 per cent in Portugal and 3.5 per cent in both Belgium and France. Those three countries, along with Spain, also saw fewer road fatalities in 1994.

In central and eastern Europe, the number of crashes dropped sharply between 1988 and 1990, but in 1994 there were more accidents than ever in both regions, the ministers said. Accidents rose 7.4 per cent overall injuries rose 6.7 per cent and deaths increased 3 per cent. "This trend admittedly reflects wider access to travel by car and the increasing shortcomings of road infrastructure," the report said.

Likely weather in the leading business centres

	Mon	Tue	Wed	Thu	Fri
Tokyo	14	15	16	16	16
Hong Kong	15	16	17	16	16
London	8	9	9	9	9
Frankfurt	8	6	4	4	4
New York	11	14	15	15	15
L. Angeles	13	15	17	16	16
Milano	8	9	10	10	10
Paris	8	9	10	10	10
Zurich	8	9	10	10	10

Information supplied by Meteo Consult of the Netherlands
Maximum temperatures in Celsius

مكتبة النور

ARTS

OPENINGS

PARIS A retrospective of the great French landscape painter Jean-Baptiste Camille Corot (right) opens on Saturday at the Grand Palais...



ATHENS Ruggiero Rainaldi, the outstanding Don Giovanni of recent times, is in Athens this week to direct a new production of Mozart's opera at the Megaron concert hall...

LONDON The National Theatre presents a new play by David Lan (right) on Thursday, 'The Ends of the Earth'...



THE HAGUE Following its highly successful showing in Washington, an exhibition devoted to the work of Johannes Vermeer (right) opens at the Mauritshuis on Friday...



After decades of mediating between two halves of a divided country, the Berlin film festival now does the same for opposite ends of the world...



A grandiose vision from Hollywood: Paul Sorvino, James Woods and Anthony Hopkins in Oliver Stone's 'Nixon'

All the world's on its stage

The Berlin film festival, offering its richest programme yet, is set to outdo Cannes and Venice in the global movie calendar, reports Nigel Andrews

ism while also persuading that these are real people leading real lives. Caught between far-flung ends of the earth, Britain's movies seemed somewhat disoriented...

Restoration is both worse and better. This time Downey lords it over McKellen. The American plays a young 17th-century doctor to Sir Ian's don't-blink cameo as a butler...

Other Euro-films were as byphenated as their provenances. Straddling cultures and styles, they included the Polish-German (Wajda's disappointing comeback drama

about the Warsaw Ghetto, Holy Day), the French-Italian (Ricky Tognazzi's bland high-finance thriller Strangled Loves) and even the Belgian-French-Tunisian in Ferid Bouchedir's comedy with allegorical trimmings, A Summer in La Goullette...

Looked at whole, rather than quality-tested for its competition, this may have been the richest Berlin film festival in modern memory. Having filled the main event with Hollywood's new guard, Berlin invited two great older guardsmen - Jack Lemmon and Elna Kazan - to preside over programmes of their work...

Ballet/Clement Crisp Far From the Madding Crowd

As the curtain came down at the end of Far from the Madding Crowd, a voice near me said 'Oh, that's lovely.' It was a feeling I shared, though for diametrically opposite reasons from the happy speaker...

Recital/John Allison Olaf Bär's Schubert

Alfred Schubert programmes are not uncommon, but Olaf Bär's at the Wigmore Hall last week was more concentrated than usual. It focused on Lieder from the years 1818-24, and the 18 songs we heard ranged from among the composer's best-known to some neglected numbers...

INTERNATIONAL ARTS GUIDE listing events in Amsterdam, Antwerp, Berlin, Boston, Cape Town, Copenhagen, Dresden, Ghent, Houston, Leipzig, London, Lisbon, Madrid, New York, Paris, Rome, Stockholm, Vienna, and Washington.

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COMMENT & ANALYSIS

Michael Prowse • America

Hat trick for Alan

Greenspan wins another term at the Fed despite White House fears that tight monetary policies are depressing growth



It is time to breathe a sigh of relief. At last, President Bill Clinton has nominated Mr Alan Greenspan for a third term as chairman of the Federal Reserve. After months of vacillation, he also announced surprisingly sensible candidates for other Fed vacancies. He wants Ms Alice Rivlin, his budget director, to succeed Mr Alan Blinder, the Princeton economist, as Fed vice-chairman, and Mr Laurence Meyer, an economic forecaster, to fill a second vacant governorship.

Mr Greenspan's renomination was expected. Indeed, Mr Clinton's advisers realised long ago that no candidate more ideologically acceptable to the White House would have any chance of winning the confidence of either Wall Street or the Republican-controlled Senate.

Yet news of his impending renomination still contributed to a 90 point surge in the Dow Jones index last Thursday. This was not at all irrational. Mr Greenspan's judicious monetary decisions and sagacious congressional testimony have come to seem indispensable. At a time when financial markets are jittery and the economic outlook uncertain, a steady hand at the Fed - still the world's most influential central bank - is more important than ever.

Mr Greenspan (whose Senate confirmation is a formality) will nevertheless begin his third term amid growing criticism that restrictive Fed policies are depressing the economy. Figures last week showed that growth slowed to an annual rate of 0.9 per cent in the fourth quarter of last year, growth for 1995 as a whole was 2.1 per cent, the slowest since the 1990/91 recession.

Mr Clinton has made no secret of his belief that the Fed has put excessive emphasis on fighting inflation. "We ought to debate whether conventional wisdom on how fast this economy can grow is right," he said recently. And last week Ms Laura Tyson, his top economic aide, declared there was no better place for this debate than on the Fed's policy-making open market committee.

Mr Clinton had hoped to temper Mr Greenspan's influence by nominating an explicitly "pro-growth" candidate for the Fed vice-chairmanship. He initially signalled that he wanted Mr Felix Rohatyn, the New York investment banker and a passionate advocate of higher government spending, to fill the Blinder vacancy. But Mr Rohatyn was vetoed by conservative Republicans, which was fortunate because he would have been a polarising figure at the Fed. He would have become an instant target for criticism in financial markets which were far from happy with Mr Blinder, a moderate by comparison.

The task of advancing Mr Clinton's "growth agenda" thus falls to Ms Rivlin and Mr Meyer, who seem likely to win Senate confirmation fairly easily. Ms Rivlin, an economist whose expertise lies mainly in fiscal policy, has not previously shown any interest in a Fed job. But she could prove a clever choice. She has known Mr Greenspan for years and has enjoyed the respect of both Democrats and Republicans on Capitol Hill since the late 1970s, when she served as the first director of the non-partisan Congressional Budget Office. She is more experienced politically than Mr Blinder, better at banding the media and less likely to adopt a confrontational stance. If Mr Clinton is still around when Mr Greenspan retires, she just might become the first woman to lead the Fed.

Mr Meyer, an economics professor at Washington University in St Louis, also seems a sensible choice. He runs his own economic consulting firm which has won awards for the accuracy of its forecasts. And he seems to be a non-ideological type with mainstream views: his forecasting model draws on monetarism, Keynesian and supply-side theories. If confirmed, Ms Rivlin and Mr Meyer are most unlikely to persuade the Fed to adopt more expansionary policies than it would otherwise have favoured.

Over nine years Mr Greenspan has acquired great influence within the Fed. Yet even he has to accept the collective decisions of the open market committee. Five of the 12 voting seats are held on a rotating basis by the presidents of the Fed's regional banks, some of whom are more hawkish than Mr Greenspan. And three of the seven governors will remain Reagan or Bush appointees. The framework for the committee's decisions, moreover, will continue to be set by the economic forecasts produced by the Fed's large professional staff.

But Mr Clinton should not worry, because it is highly improbable that restrictive Fed policies are depressing US economic growth. The White House's unease in part reflects the impact of statistical changes that have reduced measured growth by about half a percentage point (without, of course, affecting the real economy). The conventional wisdom today (reflected in the latest report from Mr Clinton's Council of Economic Advisers) is that the economy can enjoy sustained annual growth of no more than 2 to 2.5 per cent.

Mr Greenspan, if anything, takes a more optimistic view because he is sceptical of official economic statistics, particularly estimates that show little increase in productivity growth since the 1970s despite much restructuring and technological progress. In any case, as he said last week, the Fed does not base policy on theoretical estimates of potential growth.

It tightened policy aggressively in 1994 not because it thought growth was exceeding some arbitrary speed limit, but because clear signs of economic strain - such as rapidly rising rates of capacity utilisation and rising materials prices - had emerged. It began to ease policy last year as soon as the strains began to dissipate. It will cut rates further if unemployment rises and inflation stays subdued.

In truth, the Fed is already pursuing the kind of pragmatic policies favoured by most Democrats. Its goal is to achieve the maximum possible growth rate. Mr Greenspan differs with Mr Clinton only in having a clearer understanding of the lesson of the 1970s: that keeping inflation low is a precondition for sustained growth of living standards.

Mr Greenspan's judicious monetary decisions and sagacious congressional testimony have come to seem indispensable. At a time when financial markets are jittery and the economic outlook uncertain, a steady hand at the Fed - still the world's most influential central bank - is more important than ever.

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Faces for the Fed: Alice Rivlin (left) and Alan Greenspan

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No bias towards Berlusconi on Italian TV

From Sen. Lirio Caputo and Mr Riccardo Pera MP. Sir, In your editorial "Italy at the polls again" (February 19), you said that Mr Silvio Berlusconi, besides owning three commercial TV channels, has managed to place his supporters in the most powerful position in the RAI state television service and that "the bias in broadcasting ranges from the blatant to the subtle, but it is undoubtedly pervasive".

Statistics published on the very day of your editorial show that during the last 12 months the RAI news services dedicated more time to the Democratic party of the left than to Forza Italia and Alleanza Nazionale and that the RAI 3 was just as biased in favour of the left as one of the private Fininvest channels was towards the right.

Besides, the two most important newscasters of RAI, Mr Biagi and Mr Santoro, and the most important host of a talk show on Channel 5 (nominally a Berlusconi channel), Mr Maurizio Costanzo, notoriously belong to the parties of the left and make no effort to hide their

partiality. And since most national newspapers are also on the side of the centre left, you will find Italy's media situation is very different from your description. Livio Caputo, Forza Italia foreign affairs spokesman, Riccardo Pera, Italian parliament, Rome, Italy

Monetary union a political decision in Germany

From Mr Jan-Peter Olters. Sir, I do understand that Euro-critical Bundesbank statements raise the hopes of British Euro-sceptics that - maybe - the Euro-spectre will just evaporate, and, in its wake, will allow them to overcome their political isolation in Europe.

Helmut Kohl's enthusiasm hyper-passed Frankfurt when deciding on the date and details of monetary union between the two Germans. The only strategy with which the German central bank can avoid being an integral part of a new whole is to shed some doubt on the economic and/or political desirability of the Euro project, with the aim of weakening the government's perseverance in pressing ahead with Maastricht and the timetable towards the 1999 implementation of the Euro.

Europe should not let its backyard be policed by US

From Mr George Chryssaphinis. Sir, Edward Mortimer ("Time for a larger role", February 14) seems to forget two reasons which may explain why the US has been more present than Europe in international conflicts, particularly in the European arena. One is that after the second world war the US was one of the two figureheads of the Cold War along with the Soviet Union. Its actions, ranging from nuclear build-up to armed intervention, stemmed from a strong ideological position. During these 50 years the US capacity for intervention was sharpened while in the case of Europe, where the emphasis during the same period was to prove that it could live in peace, it was not cultivated.

impartial, something that was easier for the US to do. The lack of any comprehensive European ideology makes it both difficult for Europe to react to sudden flare-ups and for the involved parties to anticipate such a reaction or take it seriously. Meanwhile, the US follows an explicit policy of protecting its strategic interests, which is easier for conflicting sides to interpret. Backed with its military clout, the message gets through. Should Europe sit back and allow the US to police its own backyard? No, the US can and does make mistakes. Solutions based on strategic interest alone are not ideal and can be overturned when the occasion arises. Let Europe take the initiative and let principles of justice be its guiding ideology; and if the Bosnian conflict is too complex there are other cases in need of attention, starting with Cyprus, a victim of US realpolitik. George Chryssaphinis, 6 rue de Monthauron, 78000 Versailles, France

As much as the desire not to be alone is understandable, interpretations such as the ones offered by Lex on February 18 - "For Chancellor Kohl to force through monetary union against the explicit advice of the Bundesbank is virtually unthinkable" - plainly contradict political reality in Germany. This dictates that decisions regarding exchange rate regimes are made by the government rather than the Bundesbank. In instances in which the German political elite has made fundamental decisions regarding exchange rate regimes, the Bundesbank's misgivings have been completely ignored: in 1978, when Helmut Schmidt's political determination secured the implementation of the EMS project, and in 1990, when

Jan-Peter Olters, department of economics, McGill University, 855 Sherbrooke Street West, Montreal, Quebec, Canada H3A 2T7

Doubt about China's understanding of trade principles

From Mr Toshiya Tsugami. Sir, Your article "China's level playing field" (January 30) reminded me again of the direction the Chinese economic regime is taking. Indeed, some Chinese officials have argued that China need only eliminate its preferential taxes for foreign invested companies in order to adhere to the national treatment principle of the World Trade Organisation. Disregarding to what extent current WTO rules deal with the issue of national treatment "on person or enterprise", preferential treatment for foreigners never conflicts with the concept of "national treatment" which actually requires "no less favourable treatment" than accorded to

nationals. However, the Chinese view makes us rather pessimistic about whether and to what extent the Chinese people understand the principles of a multilateral trading system. Put it this way, China's elimination of tax exemption, as discussed in your article, was the first time China had announced a policy change prior to its implementation and this allowed foreign investors to "rush into the brief window of opportunity". For investors who had spent much time and money to set up joint ventures but had not yet acquired approval, the rumour of the instant elimination of tax exemption had been a serious threat. The manner of the announcement suggests China is beginning to understand how transparency and predictability are important for a market economy.

The fact that China is becoming more sensitive about a "level playing field" or eliminating discrimination is also important. China should further understand that eliminating discrimination is necessary not only for Chinese state enterprises but also for foreign invested companies. Discrimination against foreign invested companies obviously remains in China. Most serious, for example, is a quota-like export requirement for foreign invested companies only. If China has made up its

mind to protect "a level playing field", then I sincerely hope that it will also eliminate such discrimination, even if it takes some time. Apart from whether such discrimination is inconsistent with the current WTO or other international norms, "non-discrimination" and "national treatment" are the key elements underlying the multilateral trading system which China wishes to enter. Toshiya Tsugami, director, Trade Policies Review Office, Ministry of International Trade and Industry, 3-1, Kasumigaseki 1, Tokyo, Japan

Samuel Brittan Dilemmas in pension reform

Whether or not the welfare state is in a crisis, it certainly faces problems. Many of these arise from the problems of accommodating an ever greater proportion of pensioners in relation to the working population. In the UK, social security expenditure accounts for 40 per cent of total public spending. Of that, 44 per cent goes to expenditure on the elderly. Nevertheless, according to the Organisation for Economic Co-operation and Development's projections, the future UK pensions bill does not threaten to put an overload on national finances. Indeed, at present levels of taxes and charges the British government should be able next century to repay some of the national debt, reduce taxes or increase government spending - or some mixture of all three. You may believe that or not. But contrast the projected trends in other countries. In France and Germany the national debt will have doubled and will exceed national income by the year 2030. In Japan the debt will have tripled. These assumptions, based on unchanged taxes, are of course artificial: in European countries, for example, taxes or social security contributions will have to be raised to meet the Maastricht criteria for monetary union if pension schemes are not reformed.

Unfortunately, too much of the discussion of pensions reform is bogged down in the details of particular systems. It is time to state a few basic principles in terms of real resources. The allocation of income between spending and saving is one for an individual or household to make. Some people will want to save heavily for retirement and other contingencies, while others will prefer to spend most of their incomes when they earn them. There is no warrant for imposing the preferences of any group over all the population. There is a minimum level below which citizens will not want their fellow citizens' standard of living to be reduced, however improvident they have been in the past, or however unfortunate they have been in obtaining pensionable employment. Whatever actuaries may say, there is no way by which the burden of pensions can be transferred from one period to another. All pensions have to be provided from the present national income. Even funded schemes can only give rights to a share of this year's national income. They cannot transfer resources from this year to another year 40 years away. The economic reality is that today's workers pay taxes and contributions to pay for today's pensions on the understanding that the next generation of workers will do the same for them.

Reform can ease the burden of providing pensions if it raises the present national income. It may do so by improving work incentives or - as I should prefer to say - by removing disincentives. For instance, if it is really true that workers regard contributions to occupational or personal pensions as remaining in some sense part of their income, then such schemes will not have the same disincentive effect as social insurance contributions which are regarded as akin to taxes. Reform can also help if it improves the future national income. The main way in which it can do so is by improving the national savings ratio. To a liberal this should be a matter of removing any anti-savings bias in the present system rather than imposing forced savings in Soviet or Singapore style. The problem with these principles is that they clash with each other. There is an apparent clash between the first - the voluntary choice of how much to save - and the third, the impossibility of shifting burdens between generations which obliges those working now to pay now. Old-fashioned texts would resolve the conflict by saying that the rate of interest brings into balance the desire to save with the requirements for investment for pensions and other purposes. A more genuine conflict is between the first principle of free choice in provision for the future and the second, compassionate one embodying a minimum income for all. Once it is decided that there should be a minimum living standard in retirement, some element of compulsory contribution becomes justified.

The current British system is rightly a compromise. The state pension, together with means-tested top-up payments known as income support, provides the basic minimum. A second tier is provided by the requirement that people should save nearly 5 per cent of their incomes in earnings-related schemes either in the private sector or in a full-back state scheme. The third tier is left to voluntary corporate or personal schemes. The better financial position of UK state pensions owes something to demographic factors. But it is also due to some controversial decisions on its structure. The basic state pension is now increased in line with inflation and not in line with average earnings. In addition the age for qualifying for this pension is to be harmonised upwards so that for women, as well as for men, the pension starts at 65. But there is still room for improvement. The most worrying feature of the British scene, which was mentioned in a recent speech by Mr Peter Lilley, social security secretary, is that only 2 per cent defer collecting their state pensions beyond the statutory official retirement age - despite substantial increases in the amount paid when pension is deferred. This problem, which may arise partly because of the financial treatment of part-time work and other small-print snags to their working longer, means an increased burden on the rest of the population. With the increased lifespan and improved health of older people, it is more important to encourage work opportunities for this group than to tinker with pension reform. It is here that the true direction of change should lie.

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مكتبات الآصيل

COMMENT & ANALYSIS

FINANCIAL TIMES

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Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700
Monday February 26 1996

Australia's tight finish

A few weeks ago the outcome of the Australian election seemed a foregone conclusion... The Liberal party is in danger of losing it... The trouble is that the opposition has also been short of ideas...

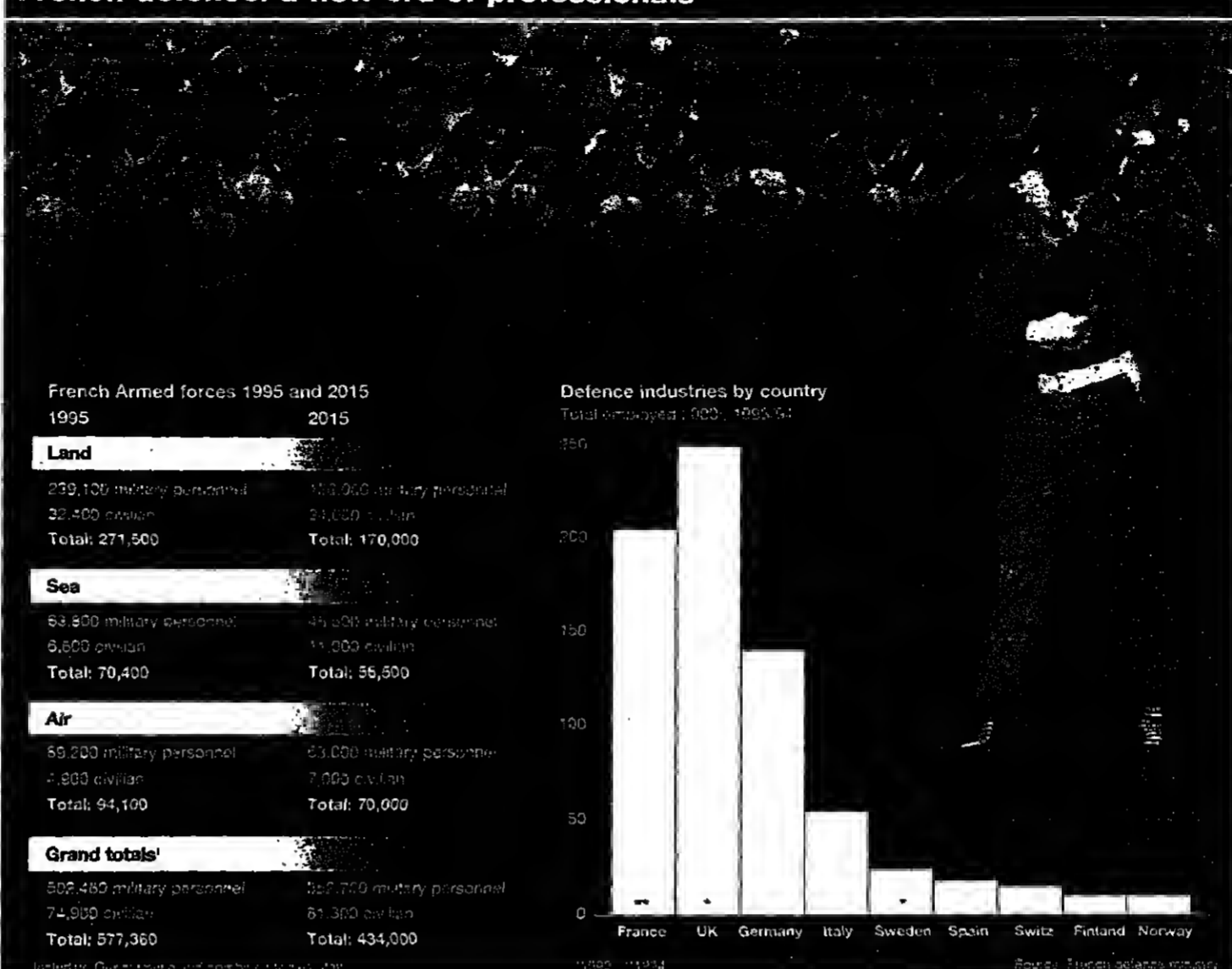
Stock exchange

The London Stock Exchange says it is looking for a chief executive. It should be in search of a role for itself as well... Order-driven trading would match buyers' and sellers' orders automatically...

Inviting defeat

UK ministers not only deserve to be defeated in tonight's parliamentary vote on the Scott report, they are positively inviting it. Their response to the report over the past ten days has been a constant mixture of distortion and bluster...

French defence: a new era of professionals



A 21st century army

Chirac's plans for reforming the French military will not be universally welcomed, says David Buchan

When President Jacques Chirac announced last week that he intended to reform France's military forces and arms industry, he was strikingly frank about what he thought was wrong with them...

OBSERVER

Slippery slope

Sounds of head-banging at The World Economic Forum, the organisation behind the annual schmoozemas at the Swiss ski resort of Davos...

Female touch

Unilever seems to be perfecting the art of putting its chin in the way of arch-rival Procter & Gamble's fist...

Only connect

Dead bodies on the front page of Thailand's most influential, but luridly illustrated, daily newspaper are nothing unusual...

Alter-wise

Father Kieran Blake knew something was wrong when he entered his church in the small village of Tir an Phia in Connemara in the west of Ireland...

Defence groups seek allies

French defence companies have waited years for the government, their main client and in many cases their owner, to take long-overdue restructuring decisions...

100 years ago

Obstinacy of manufacturers An instance of the obstinacy sometimes displayed by British manufacturers in refusing to adapt themselves to foreign markets is given in a Consular report...

50 years ago

South Africa's Budget South Africa's first post-war Budget, which may well prove the most momentous for a decade, will be disclosed by Mr. Hofmeyr, Union Finance Minister...

Funny money

The Germans may be jolly good at making things, but as many a visitor can testify, they have a lot to learn when it comes to service...

Vertical text on the left margin: DR, IV, Not let its ced by US, principles, reform

Handwritten note at the top: لا انا انا

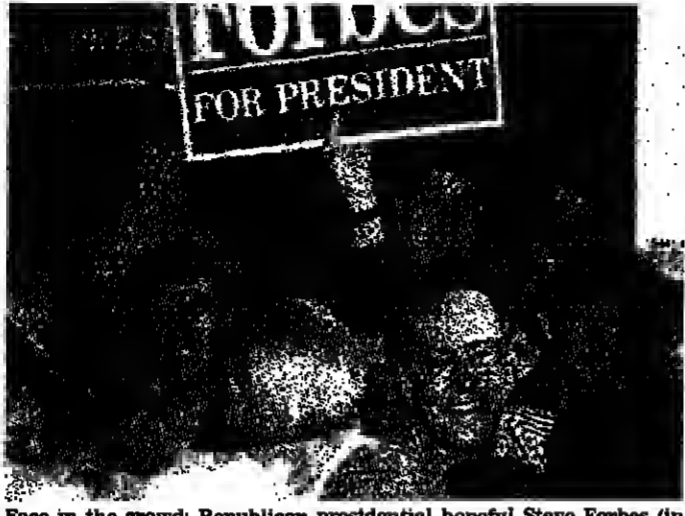
Fleeting 'triumph' by Forbes is enough to weaken Dole in Arizona

By Patti Waldmeir in Phoenix, Arizona

Mr Bob Dole, Senate majority leader, heads into the US Republican party's presidential primary election in Arizona tomorrow looking increasingly weakened.

Mr Forbes' victory in Delaware may give his campaign in Arizona a late lift. Opinion polls there show him neck and neck with Mr Patrick Buchanan and Mr Dole at roughly 21 per cent each.

Even victory in North and South Dakota, which will also vote tomorrow, could not give Mr Dole the momentum he needs.



Face in the crowd: Republican presidential hopeful Steve Forbes (in glasses) greets supporters in Tucson ahead of the Arizona primary

heading into a cluster of primaries over the next 10 days. The most important of these will be the contests in South Carolina on March 2 and Georgia on March 5. These will provide a glimpse of voter sentiment in the south.

the former Tennessee governor, to exploit his southern roots. Delaware's poll was scarcely a true test of electoral strength.

Hampshire by holding its poll immediately after the showcase first primary in the New England state.

Most Delaware Republicans abstained, with only 24 per cent of 139,000 registered party members voting Mr Forbes won 33 per cent of their support.

A delighted Mr Forbes called the Delaware victory, his first since the nomination battle began, "a great triumph".

The winner-takes-all poll gave Mr Forbes all 12 of the state's delegates to the Republican party nominating convention.

Alarm over protection, Page 5

Palestinian bombs kill 25

Continued from Page 1

security." Other Likud members were not so reluctant to exploit the attacks.

"Such tragedies remind Israelis that we are far from the fulfilment of the ringing promises of the Peres administration," said Mr Yossi Olmert, a Likud parliamentary candidate.

Peace and security will be the dominant issues of the election campaign. Although Mr Peres has been riding a wave of public sympathy since the assassination of prime minister Yitzhak Rabin last November, many Israelis remain deeply sceptical about his ability to take a tough line on their security.

Turkish talks

Continued from Page 1

times over two weeks but they failed to agree over control of the economy.

Refah, which wants to transform Turkey's 73-year secular state into an Islamic republic, also insisted on controlling the religious affairs directorate, the government body which controls and finances mosques.

The directorate is intended to enforce the mosque-state separation that is the cornerstone of secular state.

Mr Yilmaz argued that he could not allow the directorate to fall into "the hands of those with a different understanding of secularism".

UN accuses Bosnian leaders of pressing Serbs to quit

By Laura Silber in Belgrade

United Nations relief officials yesterday accused the Muslim-Croat federation and Bosnian Serb leaders of exerting pressure on Serbs to abandon their homes in parts of Sarajevo which are set to come under Bosnian government control under the Dayton agreement.

Mr Kris Janowski, spokesman for the UN High Commissioner for Refugees, accused the Bosnian Serb leadership of manipulating the fears of Serbs about their fate at the hands of the Muslim-led Bosnian government.

He also criticised the Muslim-Croat federation for establishing illegal checkpoints and conducting police searches of the homes of Serbs remaining in the five Sarajevo districts, which will be handed over by March 20 to the Bosnian government.

The Serb flight from Sarajevo - seen as a blow to the Dayton agreement which aimed to rebuild a unified Bosnia - continued yesterday, even though the

peace process at the weekend received a boost when the Bosnian Serb military renewed contacts with the Nato-led Implementation Force.

It was the first meeting since February 8, when two senior Serb army officers were arrested by the Bosnian government as suspected war criminals and extradited to the international tribunal in the Hague.

The tribunal is due tomorrow to start a three-day public hearing of testimony from survivors of cluster bomb attacks on Zagreb last May which killed seven people. The testimony will be heard in proceedings against Mr Milan Martić, a rebel Serb leader.

Mr Martić stated at the time that he had ordered the Orkan rocket attacks in retaliation for a Croatian army offensive against western Slavonia, part of the rebel Serb state of Krajina.

There have been no indictments against the Croatian army, even though international observers reported crimes

against Serb civilians in Krajina, where a rebel Serb state was crushed last August.

The Bosnian Serb leader Radovan Karadžić and his military commander, General Ratko Mladić, are named on a list of 52 suspects - 45 Serbs and seven Croats. All but one of the Serb suspects, including Mr Martić, are at large in Banja Luka, the Serb stronghold in Bosnia.

The tribunal has no police force and must rely on the co-operation of the leaders of former Yugoslavia and the international community. It was created by the UN Security Council in 1993, the first such tribunal since the war crimes trials in Nuremberg and Tokyo.

But those trials were conducted by the winners of the Second World War in sharp contrast to the current tribunal. The fragile peace accord in the Balkans also hinges on the compliance of the former warring parties, some of whom worry that they, too, could one day find themselves on the list of suspects.

Pentagon to identify arms deals for UK

Continued from Page 1

guide "smart" bombs on to their targets. This could be won by the GEC-Marconi TIALD pod, which was successfully used in Bosnia.

A \$2bn order for 153mm battlefield guns could go to either Royal Ordnance, part of British Aerospace, or VSEL, owned by GEC. The US is also considering

combining its requirement for a shorter-range, highly accurate cruise missile with a similar British need, though this is thought to have met with less favour in London.

The programme being promoted most actively by Mr Porcillo is the short-range air-to-air missile Asraam, made by BAE. The US badly needs a

short-range missile to replace its venerable Sidewinder, but is reluctant to consider a foreign competitor for 20,000 missiles worth more than \$10bn which are so important to its air defence needs.

"This is a programme which is very close to home, because pilots' lives depend on it," said one US executive.

THE LEX COLUMN Europe's bitter medicine

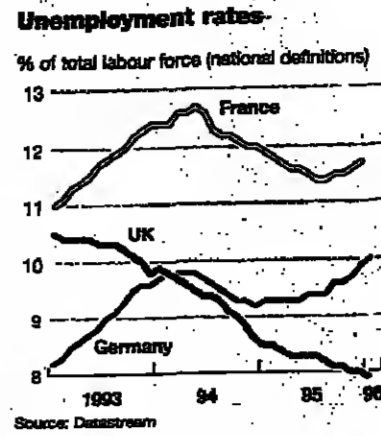
Will continental Europe's increased willingness to take potent economic medicine eventually provoke a backlash? From a purist perspective, the more commercial approach shown by European companies, such as Daimler-Benz, Philips and Alcatel-Alsthom, is welcome.

The snag is that, in the short term, such medicine leads to unemployment. So far this year, attention to the bottom line has led Daimler to pull the plug on Fokker and Philips to force large job cuts at Grundig.

However, the drive to restructure European industry is accelerating. In the private sector, nostrums such as shareholder value are increasingly taking hold.

Given such a trend, the possibility of a serious backlash cannot be dismissed. The main worry must be that politicians will respond to social disquiet by loosening macro-economic policy or using other short-term palliatives.

The continuing row over whether the Stock Exchange should modernise its trading system highlights a more fundamental point: the exchange



Source: Datasystem

many other banks share - is a sensible one. Baby boomers are realising that they can no longer depend on the state to provide for them in old age.

This makes life assurance an attractive business for banks, which are rightly concerned about the stagnation of their traditional markets.

All this means that banks are willing to overlook the fact that life insurers are currently feeling the pinch.

Of course, in the drive to create bancassurance combinations, life groups could also move into banking.

Competition authorities would, of course, have to watch out that a commercialised exchange did not exploit its dominance to stifle rivals and overcharge its customers.

Among the banks, Lloyds TSB (with Lloyds Abbey Life) and Abbey National (with Scottish Mutual) are already ahead of the game.

Having snapped up Gartmore last week, NatWest now wants to get its teeth into a life assurance company.

London Stock Exchange

The continuing row over whether the Stock Exchange should modernise its trading system highlights a more fundamental point: the exchange

UK bancassurance

Having snapped up Gartmore last week, NatWest now wants to get its teeth into a life assurance company.

Advertisement for NatWest Markets. It features a large graphic with the text: £100,000,000, 7 3/4 per cent. Guaranteed Bonds due 2001. Below this, it lists several financial institutions: Cazenove & Co., J.P. Morgan Securities Ltd., NatWest Markets, HSBC Markets, and SBC Warburg. At the bottom, there is a logo for NatWest Markets and a small text: Issued by NatWest Insurance Bank Plc, regulated by SFI and (FSA).

Weather guide section for Europe today. It includes a weather map of Europe with various symbols for clouds, sun, and rain, along with temperature and wind speed indicators. Below the map is a table of 'TODAY'S TEMPERATURES' for various cities like Beijing, Cairo, London, etc. At the bottom, there is an advertisement for Lufthansa with the text: 'No other airline flies to more cities in Eastern Europe.' and the Lufthansa logo.

مکان من التعمیر